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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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GDR/USSR COOPERATION IN RESEARCH, APPLICATION DETAILED

East Berlin NEUER WEG in German Vol 39 No 17, 1984 pp 662-664

[Article by Lothar Ihlenfeld, Party Secretary in the Switch-Construction Works Brandenburg: "Cooperation with Soviet Partners to be Arranged More Efficiently."]

[Text] CEMA's recent economic summit in Moscow and the documents ratified there have once again induced our party organizations in the Brandenburg Switch-Construction Works to bring out the stake the enterprise has in the further deepening of socialist economic integration and call the working people's attention to the tasks resulting from it.

In this, through our political indoctrination, we direct our colleagues' attention above all at the further cooperation development with the Soviet Union. The main point is to make scientific-technical cooperation with the USSR still more effective and comprehensive than it has been, as our opportunities permit, accelerate our countries' economic growth significantly, and thus to have our two fraternally allied states make faster headway on their common course. Our plant has already seen many examples of close cooperation. They relate in particular to mutual consultations on the status and trend in switch development, to local inspections of new construction and finishing methods in the switch plant, and to the exchange of complete technical documentations on new designs and procedures.

This systematic development of cooperation relations between our plant and switch-construction plants in the Soviet Union for developing wear-resistant switches goes hand in hand with constant indoctrination from the party organization to make all colleagues better understand the political and economic benefits of the cooperation for both countries. That includes the demonstration of how imperative it is to cooperate because both sides thereby have the advantage to be able to use the best experiences of the partner under their own specific conditions and exchange their results with each other.

Benefit through Mutual Comparison

This was demonstrated by the example of an exchange of two newly developed wear-resistant switches each that were then tested by the railway administrations of the USSR and the GDR. The results of this test became the basis for further research.

Comparing both designs facilitates extensive inferences about future developmental trends, cutting down the time it takes to put research data into operation as well as the costs.

The comrades explained to the colleagues that this was only one task of several in the joint work plan for research tasks set up between our plant and the central research institute for railway transportation of the USSR up to 1985, confirmed by both ministries in charge.

As further proof for the advantages of our cooperation, the comrades explained that the central research institute for railway transportation of the USSR had made available a testing arena for newly developed switches where they can be tested under very strong stress. That makes possible testing innovations in one tenth the time normally needed for it. That is of enormous importance under the conditions of the worldwide acceleration of scientific-technical progress. Both our countries gain a lot of time thereby in further developing wear-resistant switches.

The comrades also brought up theory to reinforce the practical evidence for the advantage of socialist cooperation by referring to the remark of Lenin's that a close economic alliance among socialist states is necessary because otherwise the well-being of the working people could not be ensured. And Karl Marx remarked that the working class, constructing the new society, needed not only a new form of distribution but also a new organization of production and a harmonious international and national coordination for it.

Top Achievements through Cooperation

Comrade Dr Peter Schulz, technical director, and the comrades Busse, Geier, Pchalek, Fels, Schmidt and Gajek led the discussions of their respective sectors. They could always be found in their collectives whenever questions arose about our cooperation. In design, for example, they advocated making those who are working in it aware that already at the drawing board the decision was made whether our products, relative to technical and economic parameters, were top products, and that the working people in production can come up with top level cooperation achievements only after the proper premises were laid for them in design. In implementing the project, "Exchange of newly developed switches, their testing and speedy transfer into production in the USSR and GDR," the collectives in the machine workshop in our plant, especially the "Karl Laube" and "Schwellenfertigung" youth brigades, took the lead. The various political discussions in the collectives, the critical assessments of the requirements for the new cooperative project, and the comradely contest for the best technical alternatives triggered a great number of socialist competition initiatives among the working people.

In April 1984 the testing of our "child of cooperation" started in the USSR and in the GDR. The idea is to make another contribution to improving switch-construction in our two countries through this testing and the test report analysis scheduled for 1985.

The economic benefit of this cooperation, mainly in view of further shifting transports from roads to tracks, is especially great.

To make sure that we complete the cooperation project proper as to qualities and deadlines, our party organization exercises strict party control over it. That is done by the departmental party organizations primarily in those sectors that have a special responsibility for fulfilling the tasks in the science and technology plan. If the most recent CEMA conference pointed out in its declaration that the CEMA member countries through their achievements in socialist and communist construction helped exercise a great influence on global developments, it implies an encouragement to the communists and all working people in our plant not to relax their efforts for improving the scientific-technical level of our products in any stage.

In the consultations and intermediate assessments in Moscow and Brandenburg within the scope of our direct cooperation, the Soviet and our comrades keep reiterating the mutual advantages of our concrete cooperation. It makes sense that because of that the tasks for extending our direct scientific-technical cooperation are now being coordinated and set down.

5885
CSO: 2300/34

GDR INDUSTRIAL COORDINATION WITH CEMA ECONOMIC GOALS

East Berlin NEUER WEG in German Vol 39 No 17, 1984 pp 643-648

[Article by Horst Tschanter, SED Central Committee Member, Chief of CEMA Relations: "New Stage in Cooperation among CEMA Partners "]

[Text] Since the founding of the GDR, our party has attributed an importance of the first rank to the questions of all-round cooperation with the Soviet Union and the other CEMA countries. As the many worthwhile experiences in the almost 35 years of cooperation demonstrate, and as Comrade Erich Honecker asserted in his status report to the 10th SED Congress, "the indestructible fraternal alliance with the Soviet Union, the solid anchoring of our republic in the community of the socialist states, is and remains forever the stable foundation of our people's security and its successes in the shaping of the developed socialist society.*

The GDR--A Firm Component of CEMA

The economic conference of the CEMA countries in Moscow in 1984 was of truly historic importance for further consolidating the unity and cohesiveness of the fraternal parties and states, for deepening socialist economic integration and for the struggle for peace and detente. In the joint position taken by the SED Central Committee Politburo and the GDR Council of Ministers on the outcome of the Moscow conference, tribute is paid to the unanimously adopted resolutions and documents as an expression of the grown internationalist solidarity among the fraternal parties. "It has been observed in unanimity that the increasing implementation of the collectively prepared course of socialist economic integration turns out to be an important factor for the economic development of each country and for the all-round strengthening of the community of socialist states. Special tribute has been paid to the great contribution by the Soviet Union."**

*"X. Parteitag der SED. Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED," Berlin, 1981, p 19.
**"Joint Position Taken by the SED Central Committee Politburo and the GDR Council of Ministers," NEUES DEUTSCHLAND, 21 June 1984, p 1.

Acknowledging the USSR Peace Initiatives

The leading representatives of the communist and workers parties fully endorsed the initiatives of the CPSU and the USSR for safeguarding peace. They underscored that there was no more pressing task than the preservation of peace. They observed that the grown economic capacity of the CEMA countries had become the material foundation for the peace policy they conduct, for international detente and the mutually advantageous economic collaboration with other states. In conformity with the resolutions adopted at the economic conference, they will continue to develop economic and commercial relations and scientific-technical cooperation with all countries around the world on the basis of mutual advantage, equality, nonintervention in internal affairs and by respecting the international obligations assumed.

The results of the economic conference and the documents it unanimously adopted mark the transition to a new stage in the cooperation among the fraternal parties and states in the socialist community.

The Most Dynamic Region in the World

The countries united in CEMA today constitute a strong and efficient economic complex that commands approximately one third of the industrial production and of the scientific-technical potential and one fourth of the national income in the world.

The close cooperation in science and production has done a lot for the socialist countries to be able to react with success to the new challenges of the 1980's. Efficiency is growing while new reserves are tapped by way of intensification. Since the 1970's the industrial output of the CEMA countries has doubled while it rose by one third in the capitalist countries.

Even under the altered conditions of the 1980's, the CEMA countries have been able to maintain their position as the most dynamic economic region in the world. Between 1981 and 1983, the average annual national income growth rate in the CEMA countries came to 2.6 percent, but only to 0.3 percent in the EEC countries.

Steadily Developing Relations

In their political mass activity the comrades can demonstrate vividly how the GDR, as a solid component of the community of socialist states, has steadily developed its economic relations with the CEMA countries by way of socialist economic integration. It is reflected by the GDR's significant increase of foreign trade with the CEMA countries. In 1983, that achieved a magnitude of M 100 billion, compared to M 26 billion in 1970. That comes to circa two thirds of our entire foreign trade. To the Soviet Union alone--our most important economic partner--goes nearly 40 percent of our total foreign trade.

This close linkage of our economy with the economies of the USSR and of other CEMA countries becomes still more apparent if one considers that at present more than 28 percent of our foreign trade with these countries, and even over 43 percent of our export, amounts to products that are being traded on the basis of production specialization and cooperation. Thereby much of our foreign

trade has long stopped being the traditional kind of trade, but is a reflection of our direct cooperation in material production, more and more also in R&D. Especially large is the proportion of products under specialization and cooperation, coming to circa 54 percent of our total exports to the USSR. That assures the GDR combines, especially in the metal working industry, of long-term stable sales and makes efficient mass production possible. Especially by such commodities as open-pit mining equipment, chemical installations, machine tools, ships, tracked vehicles and farm machinery we ensure a large portion of our vital USSR raw materials and fuel imports.

Of growing importance is the increasing export of machinery and equipment for the food and consumer goods industry, by which the working people in our republic are making a contribution to implementing the food and consumer goods program of the USSR. In turn, the specialized deliveries from the USSR in power plant and metallurgical equipment, microelectronic components and other products have a significant share in strengthening the material-technical base of our economy and its modernization and rationalization. Thus the GDR commands favorable starting conditions for this new stage of cooperation in CEMA.

Key Points for Future Cooperation

For implementing their new stage of cooperation, the CEMA states are going to concentrate their common efforts mainly on the following key points:
--An accelerated conversion of the economies of the CEMA countries to the course of intensification and of higher efficiency based on the comprehensive utilization of scientific-technical progress.
--Ensuring continued dynamic growth of social production as a crucial basis for consolidating the material-technical base of socialist society and for elevating the people's prosperity.
--A higher technical level for products and a swift replacement of production assortments.
--Qualitative and quantitative development of the countries' export potentials in conformity with the growing demands made by foreign markets.
--A rational distribution of locations for the productive forces for the sake of making an optimum use of the resources available in the CEMA countries.
--Greater speed in gradually approximating the economic developmental levels of the CEMA countries, primarily of Vietnam, Cuba and the MPR, to the level of the European CEMA countries.

To solve these demanding tasks, another step is being taken to reinforce economic policy coordination. Ways are to be worked out collectively that will solve big economic problems of mutual interest and of importance in each fraternal country for correlating the trends of economic development and cooperation for a long time to come.

Coordinating Economic Policy and Funds

This is done mainly by closely coordinating economic and technical policy including the material and scientific-technical funds required for it. It was agreed to carry out these tasks principally by way of coordinating the five-year plans as the chief instrument for coordinating economic policy. An important place will go there to the consultations and conferences among the fraternal parties and among the state and economic organs.

Crucially important to solving the tasks assigned will be the joint elaboration of a comprehensive program for the scientific-technical progress of the next 15 to 20 years, based on national programs. By combining our countries' scientific-technical potentials it will become possible to thrust faster into scientific-technical virgin territory for such crucial areas as microelectronics, robot technology, the creation of flexible production technologies, nuclear energy and the economic use of biotechniques and genetic techniques, and make those results effective more rapidly for the benefit of our peoples. The joint programs and measures set down for the most important industrial branches and economic sectors, such as the construction of new natural gas pipelines, nuclear power plants and heating plants, the complex development of lines of transportation and others, will effectively help expand the material-technical base of the CEMA countries, which also forms the solid economic basis for the policy that is aimed at the preservation of world peace.

In full agreement with the results of the economic conference, our party's economic strategy focuses on "resolutely tapping all inherent capacity sources and reserves of the economy while further deepening socialist economic integration. Thereby we can cope with the requirements for social progress and secure the economic inviolability of the GDR to all imperialist boycott and extortion designs."*

The USSR Is Our Main Partner

In solving the tasks assigned by the economic conference, our main cooperating partner will be, as in the past, the Soviet Union. During the Moscow meeting, Erich Honecker and Konstantin Chernenko confirmed that the GDR and the USSR will continue to make an active contribution to resolutely developing the socialist economic integration.

One must make a special point in this context of the elaboration agreed on of the basic trends in the long-term cooperation between the two countries in science, technology and production up to the year 2000. They are aimed at implementing the resolutions of the CEMA countries' economic conference, among them the stipulations for economic policy coordination in our bilateral collaboration and in close coordination with the other CEMA countries.

In their indoctrination work, our comrades can rely on the already high level of cooperation with the Soviet Union. Right now we are implementing more than 190 governmental and ministerial agreements on important tasks in accelerating the scientific-technical progress.

Right after the Moscow economic conference, some further agreements were made at the 34th session of the parity government commission for economic and scientific-technical cooperation between the GDR and the USSR. In microelectronics, they agreed, for example, on new joint and division-of-labor projects for developing and producing modern electronic passive components and on the production of special technological equipment needed for their manufacture. We surely may say that far-reaching steps have been taken in cooperating with the Soviet Union, wholly under the auspices of the new stage of cooperation in CEMA.

*"On Some Topical GDR Domestic and Foreign Policy Questions," NEUES DEUTSCHLAND, 18/19 August 1984, p 2.

The Common Course

An important task in the party organizations' leadership activity is deepening the understanding of all working people for that the cooperation in CEMA in the stage of development is to be focused resolutely on the tasks of production intensification. Enforcing comprehensive economic intensification in each CEMA country is imperative for fulfilling the strategy our countries' representatives have set down of achieving long-range a leading position of socialism in labor productivity.

A high place value here goes to extensive collaboration in research and production cooperation to improve the cost/benefit ratio by a more effective use of available funds, including the introduction of more advanced technologies to reduce specific material and energy consumption and by means of rationalization and reconstruction. Wholly in this sense, what matters is to concentrate the tried and tested cooperation in the field of raw materials and fuels above all on joint efforts toward the rational use of one's own as well as the imported raw materials and fuels. We must achieve a higher level of refining and produce by the available raw materials, semifabricates and energy resources high-grade products on a high scientific-technical level.

Change in the Production and Export Structure

Increasing importance attaches to the task to ensure the exports needed to pay for raw material imports at a structure and grade conforming to the needs of the Soviet Union and the other CEMA countries.

The economic conference resolutions envisage that the CEMA countries will initiate for it the requisite measures to change the production and export structure. Here the GDR will concentrate mainly on the kind of export products which are much in demand in the USSR. That includes machinery and equipment for strengthening the material-technical base of the raw material and energy branches, for developing consumer goods and foodstuffs production, and for assisting in broadly enforcing scientific-technical progress at the overall economic scale. Furthermore, traditional export lines are going to be upgraded.

That requires each combine to come up with an active export bid. Account has to be taken of the fact that the process of the scientific-technical revolution keeps speeding up further and that comprehensive production upgrading is taking place at the international scale. High-grade products are today the basic prerequisite for being recognized as equivalent to the imports the GDR needs and for recovering the economic costs contained in them.

International Performance Comparison

This task also calls on the party organizations so they will bring an influence to bear on enforcing the highest criteria in all international specialization and cooperation projects in R&D and production with respect to developing the performance and export capacity, the satisfaction of demands, the scientific-technical level, qualities and efficiency. These high requirements are already made the basis for the current efforts at coordinating the 1986-1980 five-year plans with the USSR and the other CEMA countries.

Developing direct relations among enterprises, combines and institutions will play an important role in the further development of cooperation among the CEMA countries. The emphasis is placed on improving the effectiveness and efficiency in solving production intensification tasks. It has been found beneficial to place such direct relations on the foundation of central accords containing accurate and accountable targets in cooperation. Also beneficial has been the conducting of international performance comparisons on the expenditure of energy, raw materials, semifabricates and working hours, as it has already been conducted among combines and production associations of the GDR and the USSR for a number of comparable commodities.

Strictly Fulfilling Obligations

The increasing linkage with the economies of the CEMA countries, especially with the USSR economy, and accurately meeting obligations assumed in terms of volumes, schedules, qualities, performance objectives and so forth, is not only a question of being faithful to the plan and the contract, but it is--as our party has reiterated--a matter of socialist internationalism.

Thus the basic organizations keep exercising resolutely their party controls on the all-round fulfilment of the obligations. This is effectively being assisted by the SED Central Committee secretariat resolutions on party controls for selected measures for socialist economic integration.

It is a matter of honor for each communist and each party organization in our republic to make a worthy contribution by fulfilling these tasks in the 35th year of the GDR to strengthening our socialist fatherland and the community of the CEMA countries and its unity and cohesion, and thus to the preservation of peace.

5885
CSO: 2300/34

BRIEFS

SOVIET GOODS FOR POLAND--Freight handling work at the Polish State Railroads "railhead port" at Malaszewice in Biala Podlaska Voivodship is moving along at a good pace. The finished goods and raw materials being delivered by the Soviet side give a boost to our economy and are a reflection of the ever widening economic cooperation between our two countries. For example, there has been an increase in deliveries of mineral fertilizers for agriculture, more than 3,000 tons of which are being transloaded on a daily basis. We are also getting rice from the Soviet Union--approximately 600 tons per day. Cotton from this year's Soviet harvest is also showing up. Manufactured goods being handled at this railhead include washing machines, refrigerators, and TV sets. Moreover, beef imported from Mongolia is also being shipped through Malaszewice. The daily freight handling load comes to about 15,000 tons. The freight handling capacity at Malaszewice is much greater than this, but there are problems with the rolling stock. That is, there simply are not enough empty freight cars to handle this traffic. [Text] [Warsaw TRYBUNA LUDU in Polish 6-7 Oct 84 p 2]

CSO: 2600/103

INDRA MEETS FARMERS, NOTES AGRICULTURAL SHORTCOMINGS

LD132248 Prague Domestic Service in Czech and Slovak 1600 GMT 13 Oct 84

[Text] The district conferences of the unified agricultural cooperatives, which have become an important stage in the preparation for the 10th statewide congress, are coming to a conclusion with today's deliberations of delegates at another 46 locations in our homeland. Like the pre-congress membership meetings and the district conferences, which were held 2 weeks ago, as well as the pre-congress discussion, today's deliberations were also marked by a critical and exacting look of work. The deliberations of cooperative farmers are concentrated on overcoming weak spots in the conditions of the (?sector) and agricultural enterprises, and drawing general conclusions from successful examples of tackling shortcomings.

Alois Indra, member of the CPCZ Central Committee Presidium and chairman of the Federal Assembly, spoke at a district conference of cooperative farmers in Tabor. He stressed that despite the good results achieved by agricultural enterprises this year, it would be the biggest mistake to succumb to self-satisfaction. It is necessary to compare the economics of agricultural production not only with other unified agricultural cooperatives in the district and region, but also to continue to learn and gain experiences from other countries operating in similar conditions. Indra said it is necessary at the same time to bear in mind maximal economy not only in the consumption of motor fuel and energy, but also in the use of one's manpower.

Alois Indra recalled the need to create agricultural stocks, without which good quality large-scale production cannot exist in the long term.

Shortcomings in the organization and management of manpower continue to persist, Indra said. The introduction of new technology will not be possible without young, technically trained people. It is they who have to be given an opportunity to apply new scientific and technological findings in practice. It is necessary to give them greater scope, but at the same time not to neglect the consistent supervision of their activity. Of equal importance is pay according to work. Here, too, the thinking of people, including leading officials, (?stagnates) in many instances. Indra said overcoming the problems of healthy risk-taking and the elimination of bureaucracy is also closely connected with it. He said it is also necessary to maximize financial resources, and utilize both technology and manpower. This is the guarantee of making our large scale agricultural production even more effective, Comrade Alois Indra stressed.

CSO: 2400/51

BRIEFS

AUTOMOBILE PRODUCTION--Within the framework of automobile production in the CEMA states, the CSSR's share amounts to 7.6 percent of passenger cars; 4.8 percent of trucks; and 2.6 percent of buses. The CSSR specializes in producing trucks with a carrying capacity of over 12 tons; in 1983-85 it will deliver to its CEMA partners almost 20,000 TATRA vehicles; 9,000 ORLICAN refrigerator trailers; more than 1,300 communal garbage trucks; and more than 400 KAROSA sprinkling trucks. [Summary] [Prague ZEMEDELSKE NOVINY in Czech 16 Oct 84 p 4]

CSO: 2400/51

ECONOMIC SYSTEM CHANGES OUTLINED, ASSESSED

West Berlin VIERTELJAHRESHEFTE ZUR WIRTSCHAFTSFORSCHUNG in German No 2, 1948 pp 200-223

[Article by Doris Cornelsen, Manfred Melzer and Angela Scherzinger: "GDR Economic System: Reform in Small Steps"]

[Text] The Initial Situation and the "Economic Strategy for the 1980's"

In the 1970's the GDR economy recorded a fairly strong and stable growth. That had become possible although the labor volume (people working times average working hours) scarcely rose. Decisive had been the development of the other two primary production factors, capital investment and material investment. Investment activity continually increased--if with fluctuations--during the decade. The same is true of material consumption. As statistics show on the produced national income, broken down in terms of gross and net figures, material consumption increased more than net production. The import trend ran parallel to increasing material consumption. The GDR is a highly industrialized country poor in raw materials; roughly 60 percent of the raw materials it needs it has to import.

In the early 1970's increasing imports were no problem as yet. By and large exports could pay for them. This constellation, however, changed decisively in the course of the decade. The first oil price shock of late 1973 caused considerable hikes in world market prices for other raw materials as well. The price trend for finished goods lagged behind increasing raw material prices so that the GDR's terms of trade got worse. This first hit the trade with the West, after the change of the price setting principles in CEMA (1975), then also the trade with the CEMA countries, primarily with the Soviet Union, the GDR's biggest raw material supplier.

Since then the GDR has not been able any more to pay for its imports fully out of export revenue but has financed parts of them through credits. In 1970 already it ran into a deficit trade balance with the West, since 1975 it has had one also with the Soviet Union. The net indebtedness to western countries climbed in the second half of the 1970's by annual rates of more than 20 percent. The trade balance deficit toward the Soviet Union ran up a total of 2.5 billion transferable rubles (TRbl) from 1975 to 1980.

At the start of the second oil shock in 1979 at the latest, GDR economic management is likely to have realized that it had to bury its hope for a reversal of the price ratios on the world market so unfavorable to it. In its report to the 11th SED Central Committee session, the Politburo struck downright dramatic tones: "We are dealing not only with a further intensification of what is a complicated situation anyway, but an entirely new situation is beginning to face us."

To reduce the deficit in the performance balance and work up a surplus rapidly, import increases had to be trimmed and the export growth had to be raised. Both cut into the supply of goods domestically available and thus changed the conditions for further economic growth.

This was the situation in which the GDR drew up its "economic strategy for the 1980's."[1] It asserts that high and stable economic growth is supposed to be enforced also in the 1980's in the GDR. Yet this is not to be done by increased capital and material investments but by constant inputs, by comprehensive "intensification": All chances are to be used for improving the cost/benefit ratio, for rationalization and for production boosts. As the most important points they singled out:
--Speed-up in scientific-technical progress, especially the production and broad application of microelectronics with its three main application trends--computer technology, control and robot technology, and product development;
--reducing the specific production consumption, especially for petroleum and goods that have to be imported from the "nonsocialist economic region" and high production refinement;
--a "turnabout in the capital assets economy," i.e. general repair, rehabilitation, modernization and conversion of extant plants instead of replacing them and of new investments; and
--increasing labor productivity through rational labor assignment and scientific labor organization.

The recentralization model of the 1970's turned out to be hardly appropriate for the new strategy any longer because it had not been enough of a stimulus for material saving and other intensification successes and for technical innovations. Economic management thus faced the task to draw up and carry out appropriate steps in reform.

Returning to the NES (New Economic System) of the 1960's evidently was out, as it was marked by limited decentralized control.[2] NES had been abandoned because the model of linking central planning, aimed at more long-term goals, with an individual control of enterprises by monetary management techniques ("economic levers") had shown crucial faults. The tendencies resulting from the "principle of producing the means autonomously" and the "industrial profit incentive" based on it in part clearly contradicted state objectives:[3] the enterprises used their leeway for action, especially on autonomous investment decisions, to take care of projects appearing most efficient to them at the current prices. Often they were not in conformity with central goals because they could not put the prices in line with costs and with state goals.

This problem of distorted prices and price structures has become bigger yet meanwhile because the considerable changes in costs were only in part contained by the price changes according to plan. Nor can a fundamental price reform be

be expected (with a revaluation of the investment capital), for one thing, because of uncertainty about future energy and raw material prices on the world market and within CEMA, and then also, because in that case the primacy of relatively constant consumer goods prices can no longer be maintained. The decentralization model, due to the existing price distortions, would thus be still more problematic today than in was in the 1960's. Divergencies between state and industrial goals, however, are unacceptable in the current situation marked by scarcity.

So economic management was seeking a compromise: They developed further the administrative and the by and large centralized system of the 1970's with some new elements, some of them similar to what one had in the NES. Without any big decentralization or price reform, they wanted to economize the economic processes. The economic sciences conference of the GDR for the Karl Marx Year of 1983, in the fall of 1983, summarized the measures taken since the turn from the 1970's to the 1980's.[4] In the big introductory speech by Guenter Mittag, the Politburo member in charge of economic affairs, as in many other contributions to the debate, as the most important points the forming of combines and the "further measures to perfect management, planning and economic cost accounting" were made to stand out. That expanded the dual concept "management and planning"; "economic cost accounting" became equal in rank.[5] Among the many new legal regulations since the end of 1981, the "decree on further perfecting economic cost accounting on the basis of the plan" almost comes first in time (11).

Organizational Change by Forming the Combines

GDR industry was decisively reorganized in 1979/80. There had been a middle management level, the VVB's [associations of state enterprises] between the various state-owned enterprises and the inudstrial ministries. That three-level structure was done away with. Industrial enterprises were combined into large combines in terms of their major production assignments and placed under the relevant industrial ministers. The idea was the provide unified management for the various enterprises from research to production and sales. The new combines include ancillary enterprises, research institutions, production plants and their own foreign trade enterprises. Right now, the centrally managed industry of the GDR[7] has 132 combines with 20 to 40 enterprises each and an average work force of 25,000.

The various enterprises that are combined in the combines--according to the combine decree (2)--remain legally autonomous units and have their own financial funds. The general director, however, compared with the general director of the former VVB's, has greater authority with respect to what happens in the enterprise. He decides the plan standards, influences the use made of the means produced, implements the combination and shifting of capacities and disposes of certain central funds in managing the combine. This gives the combine directors fairly much elbow room and weakens the position of the various enterprises.

These are the expectations economic management placed on the formation of the combines:
--Speed-up in the scientific-technical progress through the combines' own practice-related research;
--using the advantages of volumes in production and sales, a sensible coordination of the production in the enterprises that are part of the combines, cost reduction, e.g. by standardization, a better division of labor, and the centralization of certain tasks;

--solving the ancillary problems by joining or setting up new ancillary enterprises within the scope of the combines; and
--improving export by centralized sales departments, market research and expanded foreign trade functions.[8]

The leeway for decisions by the combines is hard to assess. What is certain is that when the VVB's were disbanded combine management initially received many of the rights of decision-making on the middle management level (e.g. planning, balancing and price setting functions). Competencies in shaping the production programs show disparities. Combines that are especially efficient or export-intensive have more of a margin for decision-making. Yet because of their economic potential and their combine directors' comparably stronger rights to assert themselves with respect to the enterprises under them, such combines also constitute a stronger power factor vis-a-vis the industrial minister. And that precisely is the reason why one needs general directors there who ar both competent in state management and embody entrepreneurial functions. The salient point is to what extent such general directors can harmonize the centrally assigned with the microeconomically feasible objectives, how well they can, in spite of bureaucratic blocks, develop new initiatives and eventually even convince the minister of "new ways." In any event, the aspect of production they represent is involved through various means of helping in decision-making in the central planning process.

One must remember, however, that the combines were often formed in 1979/80 without much of a discussion about their optimum size, some of them even coming into being by simply turning a VVB into a combine by the same name. So the combine still includes random enterprises or parts of enterprises, which can be quite an impediment. Meanwhile the GDR has recognized, to be sure, that at the level generally attained in concentration further increases in the size of enterprises need not always result in increased labor productivity.[9] Now they rather think that a sensible proportion of large, medium and small enterprises within the combine--especially when production are close to consumption sites--is the best premise for more flexibility in adaptation and for success with intensification. Yet proposals are being submitted also for improving the internal management organization of the combines which, to strengthen intensification, must be more efficiency rather than merely cost-oriented.[10]

Direct Control

By direct control we here mean central national economic planning which gives rise directly to mandatory quotas for combines and enterprises. Direct control is buttressed by plan figures (including norms and standards) and balancing. Direct control covers a broad spectrum. Because of their special importance, we shall deal here also with some partial sectors--transportation, R&D, investments and agriculture.

Plan Figures

The mandatory plan figures for the combines and enterprises are the central instrument for managing the production program and they also serve to control the success. The intensity of this control is hard to assess. It may differ from combine to combine because the combine director himself exercises and influence on the mandatory plan requirements.[11] Circa 90 central parameters govern annual

planning at present (for the centrally managed industry, including subsidiary positions). The exact figure differs from combine to combine.[12] The parameter numenclature may be broken down as follows:
--Parameters for production and performance goals (e.g. production volume export);
--parameters for resources allocation and admissible costs (e.g. material, manpower, wage funds, investments);
--parameters as efficiency requirements (e.g. labor productivity, daily use of installations, in hours); and
--economic incentive parameters (e.g. bonus fund allocations).

While they had been discussing the subject of computing efficiency for years, up to the late 1970's industrial commodity production (gross production) dominated planning and accounting even though its disadvantages--waste of material and bloated cooperation--never were denied. It must therefore be rated as a new control concept that since 1980 several "chief performance rating parameters" in connection with "further important qualitative parameters" were defined in a legal form as mandatory and lifted out of the overall total of all the parameters. Industrial commodity production was dropped as the chief parameter in 1983; it still functions, however, as an important magnitude for national economic planning.

The "chief parameters" in the 1984 plan preparation are: Net production, net profit, products and services for the population, and export. The "further important qualitative parameters" relate to labor productivity, costs, especially costs of materials, quality and innovation. Net production is an indicator for the performance by an enterprise (output minus material consumption and write-off). Net profit serves, above and beyond that, as a "cohesive expression for the efficiency of the entire reproduction process" because it is not only an indicator for the improvement of the cost/benefit ratio per se (including the cost of labor), but also for production proper as to demands: "High net production does no good. Without selling one's production decently, there is no profit. Not the goods in stock, the market is what brings profit."[13]

The parameter of products and services for the population as the chief parameter for performance rating includes also important ancillary supplies and the extra production of the means of production manufacturers.[14] The nomenclature of the plan parameter is broken down into many subsidiary positions.[15] Consumer goods planning is supplemented by "assortment conceptions," a planning instrument introduced with the 1981-1985 planning order that is supposed to be prepared jointly with the producers and the domestic trade in consumer goods. The data for it (output in volumes and values, price and size contingents, delivery schedules, spare part supplies, customer service, quality and innovations) are meanwhile to be extended to still more consumer goods than originally intended, including also to the "thousand little items," which are under central control (44).

Making export stand out as a chief parameter for performance rating conforms to the great importance export has gained in the current phase of the GDR's economic development. The number and content of export parameters have been greatly expanded--shown by comparing the nomenclatures since 1970. In terms of 1983, that includes export on the whole, according to groups of countries (divided between socialist and nonsocialist), and of important installations. State points for exports to western countries are broken down after months and also contain "nonmaterial" services. New is since 1982 the parameter of "valuta revenue from exports to the nonsocialist economic region (in VM [valuta mark]) divided into currency regions."

Performance Rating Parameters for Industrial Combines and Enterprises

Order of June 1980	Order of April 1981	Order of March 1983
"Basic Parameters for Performance Rating"	"Basic Parameters for Performance Rating"	Chief Parameters for Performance Rating"
Industrial Commodity Production	Industrial Commodity Production	
Net Production[1)]	Net Production[1)]	Net Production[1)]
Basic Material Costs per M 100 in Commodity Production[2)]	Basic Material Costs per M 100 in Commodity Production[2)]	
		Net Profit[3)]
		Products and Services for the Population
		Export
"Further Qualitative Criteria"	"Further Qualitative Parameters"	"Further Important Qualitative Parameters"
Net Profit[3)]	Output	
Boost in Labor Productivity	Boost in Labor Productivity	Labor Productivity on Basis of Net Production
Reduction in Prime Costs	Reduction in Prime Costs	Costs per M 100 of Commodity Production
Proportion of Products with the Q Quality Seal	Proportion of Products with the Q Quality Seal	Output of Economically Important Products, Especially Newly Developed Products with the Q Quality Seal
Domestic and Export Production Proper as to Contracts	Domestic and Export Production Proper as to Contracts	
	Completion of Investment Projects/Objects at Proper Quality and Deadlines	
		Material Costs per M 100 in Production[2)]

1) Net production (simplified) = commodity production ./. material consumption (basic material, energy, other material) ./. consumption of production services (cooperation services, repairs, transportation and storage, other production services) ./. rentals and leases ./. write-off. -- 2) In the GDR the concept of "basic material" includes all work materials forming the material substance of the products. So it is only part of the all-inclusive concept of "material." Material =

By the combination of the new eight parameters--four "chief parameters" and four "futher important qualitative parameters"--so many targets are to be fixed that defects are diminished and chances for manipulation are curbed as they might not be if there were only a single parameter. The chief parameters are to be keyed, as distinguishable, measurable and controllable targets to enterprise departments, master workman domains and collectives.[16] Via the so-called budget, the business is to be accounted for, and it is also to be drawn on for determining bonuses. The call for keying by plan is in principle nothing new; but the way it has been handled has often become object to criticism.

Along with many other documents, the circa 90 plan parameters are part of the draft plan the combines submit to the competent industrial ministers. Above and beyond that a new regulation of March 1983 serves to complement the planning methods:[17] the combines have to submit in addition "draft plans in an abridged nomenclature." They contain all the important data on balancing, export, material savings and, above all, the so-called economic base parameters. Theeconomic base parameters embrace circa two thirds of all the plan parameters. The "draft plans in an abridged nomenclature" are to be passed not only to the competent industrial ministries, but then also (with the exception of the data on balancing) to the State Planning Commission, the finance ministry and the state bank, so they become the basis for "central state organ conferences for ensuring the economic objectives." That strengthens the position of the State Planning Commission vis-a-vis the industrial ministries in that it gets planning data directly--without the ministries being placed in-between--from the combines, whereby it can improve its own information base.

Norms and Standards

There are norms and standards for planning and controlling an economical consumption of material. Material consumption standards are officially mandatory plan requirements. They determine ceilings for the production-specific consumption of economically important materials and raw materials for a given planning period and are disaggregated in the process of plan preparation by the various management levels.[18] Or, to put it differently: Standards are upper limits for specific material consumption.

Material consumption norms are established on the enterprise level and become the basis for setting standards. In norms one distinguishes: technical-economic material consumption norms (the "objective-necessary" consumption established by computer analysis); empirical statistical material consumption norms, and temporary material consumption norms. In 1982, of circa 12.5 million industrial norms, more than 95 percent of the basic material and circa 60 percent of the consumption of auxiliary and repair material were accounted for. Some 10 percent of material costs in industry and construction have not yet been controlled by norms.[19]

basic material+energy, water, fuels, propellants and lubricants+other material. 3) net profit (simplified): uniform output of enterprises or combines, i.e. including foreign trade profits and losses, + subsidies according to legal regulations ./. production fund dues ./. profits not due to economic efforts of their own ./. profits from exceeding manpower plan ./. sanctions that become state budget revenue. Sources: June 1980 order: GBL Part I, 1980, pp 195 ff (in effect as of plan year 1981).--April 1981 order: ibid., Part II, 1981, pp 149 ff (in effect as of plan year 1982).--March 1983 order: separate GBL issue No 1122, 1983 (in effect as of plan year 1984).

A new decree was issued in mid-1982 on dealing with norms and standards in material consumption and stock on hand (32-35). It replaced eight different law regulations, some of which had been in effect for 10 years, and provides strict instructions on preparing and controlling the authorized norms and standards and their degree of authority. Conspicuously, the rules on bonuses to be created through performance incentives were rendered more precise and updated: Not only remaining below the norms but (in "optimum values") even abiding by them can bring a bonus.

Endeavors are going farther still. Primarily, the decision was made "to raise the proportion of consumption governed by official standards, step by step, to between 80 and 90 percent of the consumption of economically significant materials and to prepare the standards in greater detail in terms of commodities, in order to raise the effectiveness of standards for reviewing accomplishments. That goes hand in hand with a further expansion of the standards' nomenclature."[20] The criticism of the prevailing practice also insists that other types of costs--write-off, transportation, transshipment and storage, and cooperation--are being neglected.[21]

For the special sector of keeping inventories there has been in effect since spring 1983 a new inventory utilization order (52). That, to be sure, relates only to materials on hand that are used neither in the current nor in the next plan year in the production of the enterprise. They are to be given a benefit-producing use. This does not touch the much more frequent occurrence that enterprises as a precaution store excessive stocks for their current production.

Reviewing Accomplishments

There is an overall economic balancing system in the planned economy that establishes the coordination that is caused in the market economy by direct contacts among economic units. As the concept of balancing deviates from the western vernacular, we may explain it here: In parallel with setting down plan targets, production and use are accounted for by a system of commodity balances, the so-called material, equipment and consumer goods balances (MAK balances), and then they are compared for the purpose of ensuring an optimum economic need satisfaction and allocating sparse resource contingents. Through balancing mandatory decisions are made on the production and sales of the enterprises and combines for the next plan period. Balances thus are an important planning tool.

The Council of Ministers issued resolutions in October 1981 and March 1982 on improving the qualification of balancing:[22]

--They set up four (beginning in 1983, five) types of balances, for energy sources, raw and working materials and ancillary products; equipment (machines and vehicles); industrial installations, and consumer goods.
--The central authorities' influence on balancing was strengthened. Since then (as of 1982) central decisions are made on over 76 percent of production in 2,136 balances.[23]
--A higher place value attaches to norms and standards.

For each of the five types of balances it has been specified which norms, standards and parameters for the consumption and stocks have to be presented compulsorily and controllably as component parts of the balances to the balancing organ.

The five new types of balances were set down in 1983 in an implementing regulation for the balancing decree in effect (57). The law furthermore imposes the obligation on the balancing organ to carry out in the course of plan implementation "necessary operational decisions on flexibly adapting to market requirements and economic needs."[24] Theoretical debates on further developing the balancing system are continuing.[25]

The desire to improve the flexibility of the planned economy also is indicated by a new decree on ordering and delivery conditions (77). That intends to shorten ordering and delivery schedules for raw and working materials and for ancillary supplies. Previously the normal month for submitting orders was March in the year preceding the plan year (i.e. before official plan tasks are issued). That resulted partly in ordering and delivery periods of 21 months. The deadline for signing annual contracts on bulk assortments is only one month after the official plan requirement is issued. Annual contracts no longer need to be broken down to individual items. This specification is to be undertaken on a quarterly basis, and this always 3 months before the start of the delivery quarter agreed on. Even when that deadline is passed, orders can still be given. As an incentive for the producers it has been stipulated that in that case the partners may contract for a premium up to 12 percent of the price. These regulations are expected to cut down the traditional ordering schedules by circa two thirds.[26]

Transportation Costs

The old transportation decree of 1973 was replaced late in 1981 by the freight transportation decree (9). It names as the most important principles for trimming economic transportation costs: optimizing transportation and delivery relations, preassigning plan parameters for resorting to freight transportation services, the use of transportation standards and an optimum division of labor among the traffic carriers in terms of energy.

The standardization of transportation services initially was reorganized by the standard transportation order of June 1983 (56); then in April 1984 came a revision (82), which extended those regulations to the entire economy. Transportation standards are combine-specific relations (e.g. transportation costs in mark or transportation services in ton-kilometers, always relative to production values). They are worked out on the enterprise or combine level and supplement the transportation parameters.

The intended change in the division of labor among the traffic carriers proceeds from the observation that the specific energy consumption (kilo joule per gross ton kilometer) is much higher for motor vehicles than for the railroad and inland navigation. Trucks should therefore be confined to special transports--short distance and commuting --and long-distance commuting to and from work is possibly going to be done away with entirely. Many arrangements have been made on that.

A new domestic freight rate went into effect in 1982. Increases came to an average of 60 percent, by which one meant to prevent unnecessary transports or empty runs. To support the shift in transports, road freight transports became more expensive far above average (80 percent).

In early 1984 they introduced economic sanctions for violating the preassigned transportation parameters (66). They are highest for motor vehicle traffic. Doubling the premium on long-distance traffic for road transports also aims at reducing truck traffic. Long-distance plant traffic also becomes more expensive through plant traffic dues. When a plant has too many trucks (for that there are "outfitting standards") it must pay production fund dues.

For some years they have been trying to deprive the enterprises largely of their power of disposition over their own plant trucks. Bezirk transportation commissions and traffic combines among other things supervise the confinements to fuel contingents and organize the inclusion of plant traffic in supra-enterprise transportation tasks; and then there are intra-plant, loading and unloading teams that also are supposed to "socialize" the plant traffic.

Agriculture

Worth noting also have been the changes in the agrarian policy given to the principle of making the cost/benefit rationale prevail. At the start of 1984 a price reform went into effect in agriculture:

--The established subsidies in the preparatory performance sector are gone. The industrial price hikes for fuels, farm equipment, fodder and building materials and performances had been kept off agriculture up to then by means of subsidies. Now all the preparation efforts will become much more expensive.

--Simultaneously, the prices were raised per product unit of crop and livestock products to grant agriculture producer prices proper as to costs.

Realistic cost relations are mainly to induce a thrifty use of those preparatory efforts and provide an incentive for a higher production of agricultural products. As far as details have become known thus far about the agrarian price reform, it is indicated that producer prices are drastically climbing, in the outcome of which the revenue is going to climb faster than the costs.

Because the agrarian price reform must not affect the retail prices, to the state budget this measure means a shift of subsidies from the producer to the consumer level.

Closely linked with the agrarian price reform is some new agricultural taxation. This graduated taxation will skim off some of the excess revenue.

Furthermore, organizational changes are meant to improve agricultural efficiency. The new development includes "territorial production organization" (forming subunits of the crop production enterprises) and "cooperation councils" (bodies coordinating crop and livestock production enterprises). For the special area of energy consumption (transportation) the same regulations apply to agriculture as to the economy at large (use of transportation standards, fuels made available by contingents).

Investments

A key point in the economic strategy for the 1980's is the "turnabout in the basic assets economy," i.e. higher productivity of the available capital assets and of the new investments, scarce as they are. As ways for getting there they are referring to the modernization of what there is, concentrating the new investments on major economic aspects, and modern technology. Substitutions are limited in that they have been trying since 1983 to increase the entire working life of important equipment by 30 percent (62). Through running repairs and general overhaul (modernization) the efficiency of installations is to be increased. Thus far, installation repair financed through repair funds were not allowed to show any capacity effects.[27] Now the planning of general overhaul has virtually been made equal to that of investments. For the latter, not so much the methods have been changed since the early 1980's but rather the regulations themselves were stiffened[28] and indirect instruments were introduced (credit, interest, production fund dues) to improve efficiency and accelerate the completion of projects.

Along with more precise construction bilancing (7) and a new investment decree focusing on stronger controls (6), especially the planning lead was broadened in comparison with the situation in the 1970's (4). To get set for that one has long-term concepts, coordinated among various authorities, that are picking up the science and technology plans prepared on various levels. Investment planning starts with the investment plan preparation, which has to demonstrate that one is holding on in a businesslike manner and in terms of time to officially ratified and, generally, quite elevated tasks. With it, efficiency and performance parameters are laid down. Based on that, the enterprise or the combine has to substantiate the given project by copious documentation and guarantee that it will observe the target dates. Not until the responsible organ has made the decision of principle and the requisite partial performance (balancing) has been ensured will the project finally be accepted into the actual investment plan. The central examination and the safeguards for the project have evidently been greatly tightened in recent years, without any crystallization of that in legal measures. Different governmental authorities set down the rank and sequence of the projects, depending on size. Going beyond the planned investment volume is admissible only by means of an autonomous fabrication of rationalization means.

Science and Technology

Advances in science and technology have become the key concept, as it were, for further development in the GDR. That is why that sector also became subject to the changes in management, planning and economic cost accounting. Already in the fall of 1981, the SED Politburo issued a fundamental resolution on improving the qualifications of the management and planning of science and technology. Since then a number of laws and decrees have been issued. In principle all these new regulations aim at improving resource efficiency in this sector, tying planning more solidly to production, and carrying out for all measures a more accurate cost/benefit calculation.

Linking enterprise planning with science and technology tasks is meant to be improved by a planning order supplement (15). The science and technology drafts

should be drawn up and submitted ahead of the other parts of the economic plan. Additional R&D guidelines are issued by the higher organs 3 years ahead of time. a higher place value also attaches to the "official science and technology missions" (18). Such official missions are assigned for all research projects the economic center considers especially important. Overlapping departments, they embrace planning and implementation up to full production maturity, hence also the allocations for testing plants and investments for future production.

A planning instrument are the so-called tasking workbooks which have been used since 1977, but which were made more detailed and more specific in late 1981 (10). The tasking workbook is imperative as a basis for starting and conducting a research project. It must document project-related costs and benefits by a large number of technical-economic data (e.g. ceilings for prime costs, foreign currency profitability, labor stages). The customers, domestic trade and foreign trade enterprises are drawn into the preparation of the tasking workbook, the industrial minister in charge has to pass on the project and in important projects, the science and technology ministry as well. The tasking workbooks also are the bases for the audit by the controller of the enterprise, the banks and the finance organs.

In the decree on further perfecting economic cost accounting on the basis of the plan it is laid down for the science and technology planning sector that all targets and criteria have to be formulated accurately and held on to. This principle has meanwhile been made more specific in various orders (70-72). That includes the instruction that supplements the tasks of the tasking workbooks. An overall economic account (cost-benefit-billing) is to project the economic effects of R&D projects on important combine parameters, and this for the year when they are introduced and the next year. In a profit-and-loss statement for science and technology at the year's end, the actual results are to be shown, especially qualitative advances, reduction of the production consumption, cutback in working hours and foreign currency profitability.

Indirect Control

By indirect control one means an economic-political set of instruments, mostly tied to financial magnitudes and inducing the enterprises, through granting or withholding advantages, to behave the way the state desires them to behave. In the NES phase in the GDR the term "economic levers" was coined for these instruments. They include costs, profit and profit utilization, net profit dues, credit financing, price setting and setting up industrial funds. Also in the 1970's indirect control, supplementing the direct control, was meant to induce the enterprises to become more accurate in their plan implementation. Yet it did not sufficiently encourage intensification and rationalization. A change was supposed to be engendered here since the early 1980's by assigning pre-eminence to the cost/benefit rationale.

Significant is the cautious revalorization of the role of profit as expressed in the new financing guideline (50). In the 1970's, profit had merely the function of securing the enterprises' and combines' finance needs according to plan, now it is meant to stimulate resource-saving production. That is why all that remains in the enterprise are "genuinely" earned profits, which as long as the state fixes the prices come out of cost reduction and production expansion.

Inadmissibly earned profits (e.g. from infringing authorized assortments, quality groups and prices) go into the state budget in full. When profit is made according to plan, the enterprises are in the position to form their funds according to plan after making their payments to the state (production fund and net profit dues). When the planned profit is exceeded, normally because of an improved cost/benefit ratio, higher, accurately determined amounts now go into the industrial incentive fund (bonus and performance funds).[29] That applies especially when export results exceed the plan (e.g. when export has brought in higher profits).[30] The net profit dues that have to be submitted are less than half the excess profit, which places them below the norm up to now. When the profit shrinks, because the planned tasks were not met or costs exceeded their norms, financing difficulties arise and funding losses. In that case, certain funds may now even be closed (e.g. performance and investment funds).

The production fund due is the difference between gross profit and net profit. That is a capital interest on investment and working capital of, in principle, 6 percent per year. As of recent date (13,49) even an additional penalty interest of 6 percent has to be paid for not meeting the deadline in the implementation of investment projects, excessive reserves in working capital and insufficiently utilized installations. When new capacities are started up ahead of schedule, the production fund dues fall due not until operations start according to schedule.

Regulations also have become stiffer for the net profit dues. They are charged the enterprises in absolute amounts, according to months or quarters. Payments fall due even when the planned profit was not attained. In the past, alleviations were possible in such cases. Right now, to a certain extent net profits also are centralized on the combine's clearing account, "centralized net profit." This account supplies the combine's net profit dues and redistributions in favor of certain funds. If the net profit dues are not fully available for submission, funds must be used for it or special credits must be assumed. Credits are only granted, however, if it can be shown how the profitability according to plan can be recovered. The bank concerned may now even withdraw amounts due from the net profits, in case of arrears, officially, from appropriate enterprise and combine accounts.

With increased intensification aspirations, cost planning and cost reduction assumed a higher place value. To keep costs down, it was decided that assortment alterations may not lead--as they would before--to exceeding the preassigned cost parameter per M 100 of commodity production. Furthermore, to some extent, relative annual cost reductions have been ordered (e.g. for energy and fuels, transportation, promotion, warranty and make-up work). Combines have to present cost reduction programs, and enterprises have to prepare cost analyses aiming at further savings.

Combine and enterprise funds are formed out of profits or to the debit of costs and are tied to specific purposes. Their use conforms to precise legal regulations and is under strict control--especially by the banks. Combines and enterprises are setting up, in part, diverse funds to meet the existing division of tasks. The incentive funds deserve special mention. The bonus fund (38,39) for the work force is financed out of profit shares. It is made up of a regular base amount (maximum M 900 per person employed annually) and an additional amount

(maximum M 200 annually per a fully employed person), tied to the fulfilment of certain parameters (thus far: output, net profit, net output, export at valuta equivalent).[31] Apart from that, there are additional amounts for high export accomplishments and in consumer goods production. The end-of-year bonus is paid out of the bonus fund, in principle frozen at the 1982/83 level. Enterprises that achieved only an average end-of-year bonus of less than M 800, still can upgrade that amount to M 800, if the performance improvements were above average. More than in the past the bonus fund is to be used for granting single bonuses for special achievements. The second important incentive fund is the performance fund (51) that normally is set up only in enterprises. As the funding regulations were extremely complicated in the past, the principles have been much simplified after the new "chief parameter for performance rating" was introduced. The basis for planning and forming the performance fund now is the net profit in excess of the plan and, if occasion arises, export yields in excess of the plan. So the enterprises are to be motivated to make profit in excess of the plan both through production increases and success in rationalization. At least one fourth of the means serve the financing of rationalizations according to plan, the rest an additional manufacture of their own rationalization means and the improvement of the associates' working and living conditions (e.g. taking care of workers on shifts, subsidies for industrial housing).[32]

The financing guideline refers to another incentive fund, one at the general director's disposition. It is supplied from centralized profit shares on the top echelon in the combine and has in recent years more and more been used to award bonuses for exceptional intensification achievements and export increases.

Selected enterprises are granted a valuta fund[33] when they have exceeded export tasks. That fund may mainly be used for financing imports that can become at once production-effective.

The provisions on granting credits were stiffened (14). For tasks according to plan and for meeting the assigned performance and efficiency parameters credits are granted at a 5 percent interest. The interest can come down to 1.8 percent for special purposes (e.g. exceeding the plan, introducing innovations to production ahead of schedule, export increases and investments causing a high intensification effect). Yet it can also be raised to 8 percent when performance and efficiency criteria fail to be met. For additional credits granted when things temporarily do not go according to plan interest also go to 8 percent, when a credit contract is infringed, even to 12 percent.

A special innovation is the public fund contribution (46,47), in effect since January 1984 in the centrally managed industry, and going into effect in construction early in 1985. This is a tax borne by enterprises and combines at a clip of 70 percent of their wage funds by which one means to motivate a more rational use of the labor factor and the transfer of less intensively used manpower. The means are earmarked for financing state benefits (e.g. health, housing, education, old-age care), but that is not the major goal of this new instrument.

According to the new calculation guideline (68) that came into effect on 1 January 1984, this tax may be calculated as a cost component in the price only for new products that came on the market after that date. The prices for the other

products, however, remain unchanged up to the price revision according to plan to wait for successes first in rationalization. Up to then, they do temporarily grant a profit bonus from the state budget where paying the contribution otherwise would significantly hold back the forming of funds (58). The profit made plus the yield bonus must then not exceed the authorized standard profit rate in the major production line.

For setting prices, two concepts must be distinguished:[34]
1) Raising industrial prices according to plan because of changed import prices for raw materials and energy and higher production costs for domestic soft coal and other domestic raw materials and
2) setting prices for innovations.

As to the first point: Graduated price changes have been carried out since 1976 for certain commodity groups, and that will continue also in the 1980's. Whereas in the 1970's, however, only one production level was affected by that (1976: raw materials; 1977: semifabricates; 1978/79: finished goods and consumer goods; 1979: consumer goods), since 1980 they have been changing prices simultaneously for products on several production levels. Such price hikes were meant to induce the enterprises and combines to become more economical in their use of material and to go into more enhanced product refining. The price hikes apply only to the enterprises (enterprise prices); the consumer is screened from it through higher subsidies. Since 1979, to be sure, there has also been an exception for consumer goods: Only the prices for basic necessities remained stable, but products of more "elevated" needs are subject to price increases.

As to the second point: Between 1976 and 1983, new and improved products were governed by the price regulation according to the price/performance ratio, i. e. in relation to the use-value improvement as to comparable products. The producer then got 70 percent of the benefit from the new, compared with the previous, price, and 30 percent of the benefit went to the user. But the producer reaped such extra profit fully only for 2 years; it would come down during the next 3 years. What was problematic about this was that often there were no objective criteria for measuring the use-value, which seduced the producers into exaggerating the improvements and covering up the faults. These inadequacies led to abandoning that method late in 1983.

In conformity with the new calculation guideline, prices for new products are set in accordance with calculable costs (including the public funds contribution) and in view of material consumption norms. Innovations can claim extra profits for 3 years, differentiated in terms of efficiency achieved (e.g. gaged against their export profitability). For technological innovations cost and price ceilings are set even while they are still under development.

For products in production the principle introduced in 1976 remains in effect that cost reductions (e.g. through material saving) must not lead to price reductions within a five-year plan period. For quality seal products an extra charge up to 2 percent is granted. For luxury items and spare parts extra profits of 50 percent of standard profits are calculated, but there too graduated price additions, in terms of quality groups, have lately been used (78). Discounts are given for obsolete products that fall below quality standards.

What one gets then for enterprises and combines altogether is an incentive system that brings higher profits by reducing material consumption and by other cost savings. Through the public fund contributions, however, part of it is taxed away again, unless there is a drastic cutback in manpower. The actual fund formation hence clearly depends on success in rationalization.

Supervision

As in any other hierarchically structured organization, the GDR's central authorities also must be able to supervise and evaluate the achievements in subordinate units. Watching conduct in terms of its conforming to the plan is an essential part of the whole system. The supervisory function cannot be separated strictly from the direct and indirect control instruments as they also contain supervisory elements. We mean to understand supervision in the more narrow sense and provide a survey on the supervisory organs and instruments.

The supervisory organs' field of activity includes more than watching over plan implementation (the credit and debit ratio), the abiding by legal norms, and reporting. They also seek to disclose faults in plan implementation, develop suggestions for improvements, and have an impact on future combine and enterprise planning. There have always been supervisory organs. During the NES phase, their importance declined; in the recentralized system of the 1970's they reasserted themselves. As a counter-weight against the combines' increased power, but also to supervise efficiency,[35] supervisory mechanisms have been sharpened meanwhile. New supervisory organs have been set up; the competencies of those in existence have been widened.[36] This survey points to the most important supervisory organs and their tasks. The most recent changes are meant to be explained in the following by means of examples.

The position of the chief acccountant is marked by his dual function (set down as early as in 1971). The chief accountant is a "state controller commissioned by the government" while he is directly accountable to the general director. His legal status is meant to ensure his independence: Appointed by the competent industrial minister "in concurrence with the finance minister," with the duty to inform the general director and the competent minister, in serious cases (if the general director fails to take care of his assignment "to recover a lawful situation") also the finance minister; gets paid and gets bonus payments through the competent minister. The finance minister--apart from regular exchange of views--may charge the chief accountant with supervisory tasks directly. In his function as the director for accounting and finance control, the chief accountant belongs to combine management, has his own departments and thus--compared to external supervisory organs--a better information base. His general supervisory tasks embrace accounting and statistics, profit-and-loss statements and annual balance-sheets. The chief accountants decree of June 1979 (1) was meant for drawing inferences from the combine reform[37] and reinforce in general the supervisory and analytical activity of the chief accountant, "to tap material and financial reserves and enforce resolutely the plan and finance discipline and the thrift principle."[38] In the basic decree on economic cost accounting, under the heading "higher responsibilities for the chief accountants," specific new fields for supervision are named, e.g. financial supervision based on confirmed tasking workbooks as well as "control and analysis of export/import efficiency."

Schematic Survey of the Most Important Control Organs for the Centrally Managed Industry
(Combines and Combine Enterprises-VEB)

Control Organ	Control Mission
Supervisory Institutions on the Central Level	
State Central Administration for Statistics	Controls Reporting on Economic Process in Combines and Combine Enterprises
State Audit	Checking Balance Statements and Controlling Planning and Plan Fulfilment in Combines and Combine Enterprises
State Bank of the GDR	Controls the Planning and Plan Fulfilment in Combines and Combine Enterprises
Pricing Office	Price Controls
ASMW (Standardization, Measurement and Commodity Testing Office)	Quality Control
State Contract Court	Controls the Structure and Fulfilment of Commercial Contracts
State Balance Inspectorate under State Planning Commission	Control of MAK Balancing, Directs Special Inspections
Central State Inspectorate for Investments	Controls the Placing and Implementation of Investments
Special Inspectorates[1)]	Controls the Economical Use of Resources Proper as to Planning
Committee of the Worker and Peasant Inspectorate (ABI)[2)]	General Supervision of the Implementation of Economic Policy Resolutions from the Party and the Government
Supervisory Institutions in Combines and Combine Enterprises	
Chief Accountant in Combines and Combine Enterprises	Comprehensive Supervision of Economization
Chief of Price Department in the Combine	Price Control
State Quality Inspectorates of ASMW (in the Combine)	Quality Control

Technical Control Organization (TKO) of Combines and Combine Enterprises[3]	Quality Control
Social Control Organs[4]	General Supervision on Industrial Events

The repetitive appeal for "improving the qualifications" of the chief accountant points to the problems with his dual function.[39] That the chief accountant exercises insufficient control on the perimeter of of entrepreneurial decisions has also been subject to criticism.[40]

The State Balance Inspectorate (8) was installed in the State Planning Commission in 1981, which had previously been announced at the 13th SED Central Commission session in 1980.[41] This inspectorate is subdivided into a central administrative apparatus, work sectors (in terms of economic sectors), and bezirk and kreis bureaus. Supervision is maintained over the entire balancing activity (preparation, implementation and accounting for the material, equipment and consumer goods [MAK] balances), particularly the state plan and ministerial balances, the construction balances, and the "rank and sequence" of centrally planned investment projects. It also is meant to supervise the resources utilization, particularly the managing of inventories. Above and beyond the ongoing supervision, annual audits are carried out in the balancing organs.[42] The head of the State Balance Inspectorate is to submit proposals on "perfecting" balancing to the chairman of the State Planning Commission and inform him and the minister concerned about current problems. He has the right to issue a limited amount of instructions to the chiefs in the specialized ministries, combines and enterprises who are in charge of balancing. Inspections are to be carried out together with other control organs (Worker and Peasant Inspectorate, State Audit, the State Contract Court and the State Bank). Above and beyond the general regulations in the decree there are various laws of 1982 and 1983 that contain passages on the State Balance Inspectorate.[43]

Special state inspectorates are supposed to supervise the use of energy, raw materials, other material (including packaging) and transportation costs. That is being argued as follows: "From the vantage point of resources economy, not all processes in a rational raw material and material utilization can be sufficiently affected by plan decisions and commercial contracts. So we also need

1) Mainly: Energy Inspectorate, State Inspectorate for Metallic Secondary Raw Materials, State Inspectorate for Nonmetallic Secondary Raw Materials, Central Packaging Inspectorate, State Transportation Inspectorate. 2) That committee is an organ of the SED Central Committee and of the Council of Ministers. 3) The chief of TKO--holding the rank of a technical director--is accountable to the general or enterprise director. 4) Mainly the ABI's Combine Inspectorate, the ABI Enterprise Commission, workers' inspectors in the VEB, FDJ control posts in the VEB (Cf. "Sozialistische Finanzkontrolle" [see footnotes], p 195).

The preparation of this survey leans on Dieter Mueller, "Staatliche Finanzkontrolle in den Industriebetrieben der DDR" [see footnotes], p 26.

a control mechanism that keeps a check not only on the volume but also on the structure to limit materials generally, arrange for substitutions and use secondary raw materials."[44] The following inspectorates were newly set up in 1980/81 or were given broader functions:

--The energy inspectorate as an organ of the central energy inspectorate under the Council of Ministers,
--the state inspectorate for metallic secondary raw materials (under the Minister for Ore Mining, Metallurgy & Potash),
--the state inspectorate for nonmetallic secondary raw materials (control organ of the Minister for Materials Management),
--the central packaging inspectorate (control organ of the Minister for Glass and Ceramics Industry), and
--the state transportation inspectorate (control organ of the Minister for Transportation).

Those inspectorates come under the State Balance Inspectorate. They have to coordinate their work with the chief of the State Balance Inspectorate, he must pass on their work plans, and they have to inform him on the outcome of their controls. They are to assume the needed "cross-sectional management" so as to make better use "of the potentials lying in the intertwining relationships among the various branches."[45]

New law regulations came out in December 1983 on quality development and control that are in effect as of 1984 (73-76). They had been preceded by a joint Politburo and Council of Ministers resolution, "Principles for Improving and Ensuring the Quality of All Products Throughout."[46] The previous and rather complicated quality control system went through these important changes: The competencies of ASMW (Standardization, Measurement and Commodity Testing Office)--an organ of the Council of Ministers--were broadened. The quality controls exercised by that office are, in principle, to be extended to all products[47] and also include the endorsement of the tasking workbook targets, the passing on the quality criteria and the control over exemplary production proper as to prototypes. They have tightened the legal specifications for awarding a Q quality seal, and a test certification now remains valid only for one year. When products are below par, ASMW may impose discounts of at least 10 percent of the profit intended for the product. The general and enterprise directors must prepare annual quality programs.

So-called State ASMW Quality Inspectorates are formed in the centrally managed industrial combines. As "organs of the socialist state, they have to assist the general directors effectively in developing and ensuring quality."[48] The law refers to a broad spectrum of control tasks, from R&D ("tasking workbooks") all the way to sales (a "100-percent final and shipping control, particularly for export commodities"). Inspections come with the right to interfere directly. They can intervene in the further processing of raw materials and semifabricates or in the delivery of finished goods "when a combine or enterprise director is negligent in the exercise of his responsibility."

The state apparatus of banks (state banks, commercial banks, savings banks, foreign trade banks) is an important control organ on the outside of enterprises, and not only for all financial transactions. Along with their credit policy (the

credit accreditation) banks carry out various controls over economic processes (in particular, innovations and investments). Mainly limited to plan implementation in the 1960's, their control was expanded already in the 1970's to the phase of conceptualizing the planning efforts in the enterprises (e.g. preparing rationalization conceptions, investment preparation). Now this "preventative control activity" has been further strengthened and aimed at qualitative growth factors (increased efficiency, trimming energy use and material consumption, and general cost reductions in enterprises and combines). These stronger control functions are already suggested by the title of the revised credit decree (14)--decree on granting credits and the control of the socialist economy by the banks.

Along with their involvement in planning, as to cruciality, the banks, in particular, submit proposals on tapping reserves, expanding exports, dealing economically with imported goods, improving public supplies, and making fuller use of capacities and capital. For technical innovations they check the efficiency computations, in investments they examine whether they are supposed to be realized by means of planned material resources exclusively and whether their use-effect as planned is obtained after they are started up. When research means and investments are inefficiently used, they may block the financial means for such projects either totally or in part until the next higher organ renders a definitive decision.

Through granting currency credits (61, 63), banks also have the opportunity to check production in terms of being according to plan and being efficient. To that effect, the enterprises have to make depositions to the banks. Such controls have recently been further increased. In particular, the banks are supposed to uncover inadmissible surplus stocks and encourage their being sensibly used.

Normally banks apply four control methods:[49]

1) Within the scope of granting credits,
2) based on plan documents or enterprise reports,
3) through enterprise inspection, and
4) through keeping accounts and payment transactions.

This illuminates the broad pallet of the banks' supervisory activity that far transcends the requirements for granting credits. For example, they may inform themselves right on the spot about material inventories, the regularity of reporting, the installation utilization, the advances made in unfinished investments and so forth. They also have the chance to observe the use made of the profit and the forming of funds in the enterprises and to disclose irregularities, because the enterprises and combines have to deposit their funds with the relevant bank, deposit cash revenue at once and confine cash withdrawals to unavoidable cases (e.g. wage and bonus payments, pensions and other social benefits).

In the combine, the head of the pricing department has the right to check whether the resolutions and law regulations governing the setting of prices are enforced. In this he works together with the pertinent branch of the Pricing Office and is accountable to it. To do his job, he is entitled to look over internal documents and elicit information from executive enterprise associates. When price regulations were infringed, he may impose requirements on the directors of the

enterprises; when the violations were serious, he has to inform the head of the Pricing Office. Commissioned by the general director, the head of the pricing department also gets involved in drawing up the cost and price trend programs, he draws up price analyses, checks the cost development (especially the surplus rates for common costs), submits proposals for improving the special calculation guidelines and prepares price decisions which are the general director's responsibility.

Other control elements still to be commented on are the so-called cost reports, the performance comparison and the year-end status report.

Cost reports were introduced by the decree on further perfecting economic cost accounting, as of February 1982. The minister in charge or the general director of the combine must immediately (within 4 weeks) initiate them whenever the planned costs were exceeded. Enterprise directors make their cost reports to the general director, the general directors, to the minister. The general directors' cost reports have to be attended by the economic director and the chief accountant of the combine and one authorized representative each of the chairman of the State Planning Commission, of the Minister for Finance, and of the President of the State Bank. Cost reports are supposed to contain analyses of why costs were exceeded and proposals for remedying that. For sanctions, the superior organs may block certain enterprise and combine funds and make a propotionate use of them under their own responsibility. Cost reports must be made monthly "until the proper planning order has been recovered."

There are performance comparisons[50] among enterprises in a combine, among enterprises of various combines in a region in terms of certain parameters that are relevant to that region (manpower, material, specific energy consumption, extra production of consumer goods), and among combines.

Because the combines are already virtually production monopolies, such a comparison is generally difficult so that it is of limited effect as a control instrument for the industrial ministries and other central authorities. From the vantage point of GDR economic science, however, the organized performance comparison has since 1980 become a fundamental method for the political management of economic processes, and this within the scope of the annual SED Central Committee seminars for the general directors of the combines and the Central Committee party organizers. That the main performance rating paremeters are the key and various other parameters are derived from them is something that is regarded as a qualitatively new element. In addition to the comparison among parameters, this performance comparison is concerned with "empirically sound explorations of causes and optimum value orientation."[51] Official reporting on the annual seminars is poor. Whether the performance comparison has meanwhile actually become an effective control instrument, is hard to say.

A new decree on the end-of-year status report (59) was issued in June 1983 to regulate the manner of presenting status reports by the general directors of the combines, of the foreign trade enterprises and by the enterprise directors to their next higher organ. It replaces a decree of 1969 and is much more detailed. The key points of the performance control embrace the whole spectrum of the "intensification strategy" (R&D, investments, material consumption, labor volumes). In particular it has to be shown how the planned export profitability and the

planned valuta revenue are to be guaranteed. The end-of-year status reports by enterprise and general directors are to be substantiated by reports from several control organs: Staate Audit, the State Balance Inspectorate, the chief accountant and (for the combines) the bank. In addition then there are reports on the cost and price structure and the end-of-year accounting for science and technology. Within the framework of the end-of-year status report, separate surveys may be ordered and one may present "options for decisions to the superior head." Those that are entitled to do so are the State Balance Inspectorate, State Audit, the price control organs, the State Quality Inspectorate and other social and state control organs, especially the Worker and Peasant Inspectorate.

Thus the end-of-year status report combines the control data of various organs. Thereby it assumes a place of supremacy in the entire control system: by coordinating the work of the control organs, making up for control deficits of one body by another body, the "control of the controllers."

Summary Assessment

Thus far the GDR has avoided calling changes in organization and in the economic mechanism a "reform." They rather talk about "perfecting" what they have. For all that, the small changes in the system would, at a glance, make the term "reform" indeed appear as hyperbole. Even so, the many small steps meanwhile already make for a different quality in the economic mechanism.

According to western systems theory, the most significant elements of a system are[52] the decision-making structure, the informational structure and the motivational structure. All three have been affected by the most recent changes in the economic mechanism.

The decision-making structure in the GDR is marked by a distribution of competencies in a hierarchically structured chain of authorities. Forming the combines has placed new accents there. Initially the aim of economic management was to relieve headquarters of its daily tasks so it could devote itself more to the important strategic tasks. They counted there on some participation of the combines in all the different planning processes. By their expertise, nurtured by production, they can help make decisions when prices fail to do it. They can facilitate central authority decisions and provide impulses for improving the planning on an ongoing basis. So central state planning was combined with a limited autonomous microeconomic combine planning. This could somewhat improve the qualification of planning because the general directors--though subordinates--became partners, as it were, to the central organs within their clearly delineated--and certainly strongly dependent--sector.

To limit the power increase of the combines engendered thereby, headquarters has specified its decisions on economic processes. Through developing direct controls--planning parameters, norms, balancing, investment control, cost/benefit computations also in the R&D sector--more detailed regulations and minimum requirements are now imposed on the enterprises than before. While the combines thus received more of a say-so in the plan preparation process, they are more tied down than they used to be in the plan implementation process.[53] It fits into this picture that Guenter Mittag, at the economic science conference, made a special point of the principle of democratic centralism and asked for reinforcing state control

and enforcing clear guidelines all the way from the minister to the general and enterprise directors. The industrial ministers are directly responsible for implementing party and government decisions. The State Planning Commission has been rather revaluated as the supreme coordinating authority through the refinement in planning techniques.

The informational system in the GDR economy has clearly received benefits from the formation of the combines. Information channels have been shortened because the middle management level is gone. This reduces information loss which is something that inevitable increases with every extra level of passing information on. By compiling appropriate microdata internal combine needs are better served. The immediate reference to practice, the horizontal information exchange within the combine, makes possible on that level the preparing of long-term combine conceptions which, in contrast to the previous organization (VVB), can more readily become well considered, orderly and, in principle, feasible presentations of the possibilities in every industrial branch. As information input, they are prerequisite to planning decisions on a higher level and simultaneously, as a structural concept, important elements of plan differentiations for the lower level.

Changes have come also for the motivational structure. Whereas in the recentralization model of the 1970's the various elements of the motivational structure only served the plan implementation, now an immediate effect of its own is expected to be derived for the "intensification." Through the revaluation of the role of profit, improved profit utilization possibilities, more incentives, combined with a parameter system focused more on net production and profit, a closer connection has been established, compared with the 1970's, between the enterprises' own performance and enterprise success.

The combines' power position and their branch-specific monopoly on knowledge again compelled economic management, however, to make sure, through developing its control apparatus, that interests of their own that deviate from state interests cannot be brought to realization. By way of sharper control and the detailed information needed for it, part of the relief for central organs is again nullified simply because of the controls exercised even by decentrally organized control authorities.

As to the direction of principle, there is some resemblance between the current economic mechanism and NES. The management, planning and economic cost accounting methods of today also are meant to replace the maximizing principle by the optimizing principle through placing the emphasis on the cost/benefit rationale. The crucial difference between this and NES, however, is that the production units have less leeway. Headquarters, to be sure, involves the combines in plan preparation, but it reserves for itself all essential decisions on the production process. That is true of the most significant sectors, balancing, investments and science and technology and especially of the expansion of controls.

Were one to gage the reform quality of changes in the system of a planned economy exclusively against the categories of centralization and decentralization, the change in the economic system now would not rate as a reform. There are, however, still other categories by which changes in the system can be characterized. That includes the matrix of ends and means. Here a clear change has taken place due

to the "economic strategy for the 1980's." The former "labor-saving but energy, material and capital-intensive type of extended socialist reproduction" was to be replaced by a "new form of the reproduction type" that would also "save" not only labor time, but also all other primary inputs. In short: Growth indeed, but different from before.

The instruments of the economic mechanism have meanwhile been focused on the new combination of ends and means. To that extent it seems called for to speak of a reform. By being held to this matrix of ends and means, however, this reform does not go as far as the extensive reform of NES.

In assessing the new mechanism, one should not overlook the surviving weak spots. The new mechanism of the "intensification model" cannot enforce either the often invoked identity of interests between the production units and the economy at large ("whatever is good for the economy, must also be good for the combines and enterprises"). The "interest rectifying function of the economic mechanism"[54] remains imperfect still:

--The combine formation and the power increase for the combine director weakened the enterprises and thus possibly their motivation as well (conflict of interests between combine and enterprises).[55] Considerable intra-combine industrial management problems also arose (organization, internal price and cost accounting, internal finance balancing, profit shifts) that effect the combine's inherent efficiency.

--The two chief parameters of net production and net profit are hard to nail down (inventory fluctuations!); this obstructs precise accounting breakdowns. Coping with it by planning, furthermore, becomes complicated by that the net profit shows a high "sensitivity"[57] even when other entities are slightly changed (e.g. the assortment structure). Moreover, the weave of the parameter system has evidently become tighter, and the extra obligation the enterprises had to assume to come up with "economic base parameters" also is inflating the reporting system.

--The level attained still is evaluated on the basis of debit-credit comparisons. Yet the plan is not absolutely to be made to conform with what is objectively attainable. Enterprises are inclined to hold back performance reserves. This basic problem is one that the most recent changes in the parameter system have not settled either.

--The coordination system (balancing) has become clumsier because more and more targets are being pursued as being equal in rank.

--Changes in balancing and in the norms and standards assign precedence to stability and controls, over flexibility.[58] Some changes in this context (curtailing order and delivery periods, the balancing organs' duty to react more flexibly) have mitigated this but slightly.

--The restrictive investment policy puts a brake on future growth opportunities. The "autonomous fabrication of rationalization means" is a makeshift solution. The postponement in removing old installations and the expensive repairs that must in consequence of that be undertaken render substantive successes in efficiency impossible in certain sectors.

--Nor could even the latest changes in science and technology planning mitigate more than slightly the sluggish innovation that inheres in the planned economy system.[59] It even is likely that the extensive documentation that has now become necessary will act as another deterrent.

--In the information system, by dismantling one level in the hierarchy the flow of information (quantity of information) has been improved, to be sure, but not, by that token, its quality (enterprise egotism!).

--The new measures strengthen motivation all too little. In particular, one has been all too cautious in expanding enterprise opportunities for making use of their profits. Too high a centralization in profit utilization diminishes the incentive.[60] The opportunities for differentiating in the wage and bonus system are not big enough for achieving lasting successes.

--The efficiency increases made possible by the new measures run smack into the distorted prices.

--Expanding the control organs and instruments makes sense only if the qualifications of the control personnel, their motivation, and a meaningful cooperation among all control organs is ensured. The tightly woven control network, however, rather harbors the risk of overbureaucratization than the chance of efficacy.

In view of its still obvious weak spots, the system as it now stands offers no permanent solution.[61] It banks on stability and precision where fast reaction and flexibility would be called for. The target, made prominent, of saving, as a reaction to the foreign economy difficulties, has obscured the angle for other possible solutions that would be more efficient also long-range. In summary, the current economic mechanism is undoubtedly more appropriate and efficient for coping with the current problems than was the system of the 1970's. For that reason can some success be expected of it.

FOOTNOTES

[The most important new laws and decrees are listed chronologically in the Appendix. When the text refers to a law specifically, its number in the Appendix is added in parantheses]

1. "Erich Honecker's Politburo Report to the 10th SED Congress," NEUES DEUTSCHLAND, 12 April 1981, pp 3 ff.

2. Cf. Gerd Leptin, " The 'New Economic System' of Central Germany," Karl C. Thalheim and Hans-H. Hoehmann, eds., "Wirtschaftsreformen in Osteuropa" [Economic Reforms in Eastern Europe], Cologne, 1968, pp 100 ff; Walter Ulbricht, "Zum oekonomischen System des Sozialismus in der DDR" [On the Socialist Economic System in the GDR], 2 volumes, East Berlin, 1968; Gerd-Jan Krol, "Die Wirtschaftsreform in der DDR und ihre Ursachen" [The Economic Reform in the GDR and Its Causes], Tuebingen, 1972.

3. Gert Leptin and Manfred Melzer, "Economic Reform in East German Industry," Oxford/London/New York, 1978, pp 81-83; Hannsjoerg Buck, "Return to the Administrative Command Economy Due to Unrelieved Control Defects in the Economic Reform Conception," Bruno Gleitze, Karl C. Thalheim, Hannsjoerg Buck and Wolfgang Foerster, "Das oekonomische System der DDR nach dem Anfang der siebziger Jahre" [The GDR's Economic System after the Early 1970's], Berlin, 1971, pp 77 ff.

4. cf. WIRTSCHAFTSWISSENSCHAFT Nos 1-3, 1984. Cf. especially Guenter Mittag, "Theoretical Generalizations of the Experiences in Combine Development for Economic Performance Improvement, Especially by Using the Qualitative Growth Factors," No 1, 1984, pp 5 ff.

5. By economic cost accounting one understands the industrial management methods used in the socialist system by which central goals are to be enforced and the autonomous activity of production units is to be focused on state tasks. Thus it exercises a measuring, stimulating and controlling function. It combines accounting and industrial success controls with state planning and indirect control.

6. For western literature on the forming of combines cf. Manfred Melzer, Angela Scherzinger and Cord Schwartau, "Does the GDR Economic System Become More Efficient by Forming More Combines?" VIERTELJAHRESHEFTE ZUR WIRTSCHAFTSFORSCHUNG, No 4, 1979, pp 465 ff; Kurt Erdmann and Manfred Melzer, "The New Combine Decree in the GDR," DEUTSCHLAND ARCHIV, No 9, 1980, pp 929 ff and No 10, 1980, pp 1046 ff; Hannelore Hamel, "Socialist Enterprise Concentration and Managerial Conduct. The Combine Formation in the GDR as an Efficiency Problem," Guenter Hedtkamp, ed., "Anreiz- und Kontrollmechanismen in Wirtschaftssystemen" [Incentive and Control Mechanisms in Economic Systems], Vol I, Berlin, 1981, pp 67 ff; Hannelore Hamel, "Reforms of the Economic Mechanism," G. Gutmann, "Das Wirtschaftssystem der DDR" [The GDR's Economic System], (Schriften zum Vergleich von Wirtschaftsordnungen [Comparative Economic Systems Series]), No 30, Stuttgart, 1983, pp 27 ff.

7. The bezirk-managed industry also was organized in the form of combines (there are 93 combines today with an average work force of barely 2,000).

8. Cf. Maria Haendcke-Hoppe and Erika Lieser-Triebnigg, "Economic and Legal Aspects of the Changes in the GDR's Foreign Trade System," Gottfried Zieger, ed., "Recht, Wirtschaft, Politik im geteilten Deutschland" [Law, Economics, Politics in Divided Germany] (Festschrift fuer Siegfried Mampel), Cologne/Berlin/Bonn/Munich, 1983, pp 541 ff.

9. Cf. Dieter Hensel and Guenter Kuciak, "On the Influence of the Reproduction Conditions on the Role of Small and Medium-Size Enterprises and Parts of Enterprises in the Combines of the Processing Industry," WIRTSCHAFTSWISSENSCHAFT, No 3, 1984, pp 363 ff.

10. Cf. Walter Burian, "Combine Development and the Perfecting of Management Organization," WISSENSCHAFTLICHE ZEITSCHRIFT DER HOCHSCHULE FUER OEKONOMIE 'BRUNO LEUSCHNER', East Berlin, No 1, 1984, pp 53 ff.

11. In a first phase of annual planning the planning parameters arrive at the combines as so-called plan tasks (official minimum targets) and become the basis for a more finely tuned planning by the combine. After a mutual information exchange and a process of revision with the industrial minister (combine draft plans) one gets to the mandatory central parameters as plan requirements.

12. The planning order of November 1979 (4) contains the entire planning parameter nomenclature. It was partially amended bit by bit in subsequent years by separate laws. A new complete planning parameter nomenclature was presented in March 1985 (45). Further amendments were introduced meanwhile by a planning order supplement (81).

13. "Should One Be Keen on Profit?" BERLINER ZEITUNG, 26/27 June 1983, p 9.

14. Cf. Netto, "The Best Results after Deducting the Costs," BERLINER ZEITUNG, 5 December 1983, p 3.

15. It entails (somewhat simplified) the production and sales of finished goods for the population as to volumes, values and (for selected products) price groups and those of selected and newly developed commodities, quality seal products and the luxury item output and sales.

16. Cf. Peter Hoss, "On Some Experiences in Enforcing the Requirements for the Intensively Extended Reproduction in the Performance Rating of the Combines and Enterprises," WIRTSCHAFTSWISSENSCHAFT, No 2, 1984, p 190: "Important here is that these parameters are not just used formally. Neither net production nor net profit can be keyed to each and every work collective. They may be, e.g., tasks in material economizing concretely accounted for by the collectives or the reduction in reject, make-up work and warranty expenses, leading to higher net profits." Elsewhere he says: "that only someone who knows the costs can undercut them." Cf. "Trimming Costs--Everyone Can Help," BERLINER ZEITUNG, 9 February 1984, p 2.

17. Cf. separate issue of "Gesetzblatt der DDR" (GBL) [GDR legal gazette] No 1020/k (45) in the version of the supplementary order No 5 (81).

18. Cf. Authors' Collective under Carl-Juergen Strauss, "Die Materialwirtschaft der DDR" [The Materials Economy of the GDR], East Berlin, 1982, pp 222 ff.

19. Cf. Heinz Jurk, "Reducing Consumption through New Material Norms," PRESSE-INFORMATIONEN, 30 July 1982, p 2.

20. Cf. Gerhard Koehler and Karl-Heinz Reuss, "Further Perfecting Balancing in Enforcing the Intensively Extended Reproduction," WIRTSCHAFTSWISSENSCHAFT, No 3, 1984, p 344.

21. Cf. Hans-Joachim Beyer and Fritjoff Koesling, "Reducing Production Consumption--Important Source for Raising National Income and Production," EINHEIT, No 2, 1984, p 135.

22. Cf. Harald Rost, deputy chairman of the State Planning Commission, "On Perfecting Material Balancing," DIE WIRTSCHAFT, No 4, 1982, pp 17-18. The Council of Ministers resolutions can be traced to a Politburo resolution mentioned by Guenter Mittag at the 13th SED Central Commission session in December 1980. (NEUES DEUTSCHLAND, 12 December 1980, p 5.) As the remarks by Harald Rost indicate, the Politburo resolutions did not take effect concretely until 1982.

23. Various management levels are authorized to ratify balances, depending on the overall economic significance of specific products. The "balancing pyramid" shows the following picture:
--the Council of Ministers ratifies the 376 state balances (S Balances) prepared by the State Planning Commission,
--the State Planning Commission ratifies 674 balances from the technical ministers (Minister Balances--M Balances),
--the technical ministers ratify the 1,086 combine balances,
--another 2,400 balances are prepared by the combine put in charge of balancing (which comes to 24 percent of production). "The drawing up of these combine balances is controlled by central requirements as many of them, in the aggregate, are made up of balanced S and M positions in terms of concrete products or assortments" (cf. Harald Rost, op. cit., p 17).

24. Guenter Mittag, op. cit., p 27: "The increasing speed-up in scientific-technical progress and the more rapid turnover of goods resulting from it, intensification and the changes on external markets the trend and dimensions of which often cannot be foreseen require a faster reaction to changing demands."

25. Cf. Gerhard Koehler and Karl-Heinz Reuss, op. cit., pp 342 ff.

26. Cf. Manfred Flegel, chairman of the State Contract Court, "Higher Flexibility for the Economy," WIRTSCHAFTSRECHT, No 1, 1984, pp 2 ff, and his "Greatly Reducing Time Frames for Placing Orders," BERLINER ZEITUNG, 20 February 1984, p 3.

27. Cf. H. Rost, "On Some Questions of Perfecting Management and Planning in Basic Assets Reproduction," "Abhandlungen der Akademie der Wissenschaften der DDR" [GDR Academy of Sciences Treatises], issue W 5, 1982, pp 46 ff.

28. Cf. Authors Collective, Armin Holicki, Wolfgang Katzer, and Juergen Kiermeyer, eds., "Grundfonds--Reparaturen--Investitionen" [Basic Funds--Repairs--Investments], East Berlin, 1983, pp 96 ff.

29. Up to the start of the 1980's, making use of the profits due to surpassing plan quotas was limited, so that it hardly ever triggered any initiatives toward extra achievements.

30. That is the ratio between valuta prices and domestic prices in export revenue.

31. The bonus fund decree was not amended after the "chief parameters for performance rating" were introduced. It holds, however, that the net profit is always one of the two parameters crucial for accretion, the other one being net production or, under certain conditions, one of the other newly established chief parameters. Cf. Gerhard Pflicke, "Perfecting Economic Cost Accounting and Socialist Law," STAAT UND RECHT, No 9, 1983, p 729. In particular, the computation procedure is utterly complicated: Of the four chief parameters, (a) two are set down by the central organs, and the two others (b) out of a catalogue of eight parameters that usually measure intensification successes are laid down by the general director of the combine with the concurrence of the competent trade union management. The extra bonus funds for (a) consist of definite mark amounts per fully employed persons--differentiated in accordance with the given parameters. For each parameter selected according to (b) but not fulfilled, bonus fund accretions are cut back by 25 percent.

32. The third incentive fund is the so-called young socialists account which is meant to provide incentives to youth collectives. This fund serves to finance youth facilities and events, awards and also rationalizations.

33. Cf. Authors' Collective, headed by Herbert Finger and Werner Gertich, "Stimulierung in Industriebetrieben und Kombinaten" [Incentives for Industrial Enterprises and Combines], East Berlin, 1982, pp 122-123.

34. Cf. Manfred Melzer, "Changes in the Pricing System of the GDR," "Das Wirtschaftssystem der DDR," op. cit., pp 51 ff.

35. "Economic control in the GDR serves the fulfilment of the economic strategy for the 1980's. It is exercised to set the kind of plans that will ensure the requisite economic performance increase, guarantee a crucial reduction of the social labor expenditures, and help achieve a perceptible efficiency improvement. Economic controls disclose irregularities and disturbances in plan fulfilment and mobilize performance and efficiency reserves." Cf. Guenter von Grumbkow, ed., "Sozialistische Finanzkontrolle" [Socialist Finance Control], East Berlin, 1984, p 23.

36. Cf. Hans Dieter Mueller, "The State Finance Control over Industrial Enterprises in the GDR," (Schriften zum Vergleich von Wirtschaftsordnungen), No 29, Stuttgart/New York, 1980; also Wolfgang Foerster, Kurt Erdmann and Klaus Krakat, "Economic Control in the GDR," FS-ANALYSEN, No 4, 1983.

37. The decree proceeds from the function of the chief accountant of the combine and defines by analogy the position of the chief accountants in the combine enterprises (appointed by the general director, having to inform the general director and the combine accountant, and having the option to address the competent minister and, in serious cases, the finance minister).

38. Cf. "Commentary on the Chief Accountant Decree," DIE WIRTSCHAFT, No 7, 1979, p 2.

39. The textbook "Sozialistische Finanzkontrolle," op. cit., p 163, states that the activity of the chief accountant presupposed "appropriate fitness of character and high professional qualifications, based on a solid class standpoint" for fulfilling the "obligations assigned by the party and the government."

40. Cf. SOZIALISTISCHE FINANZWIRTSCHAFT, No 7, 1983, pp 9 f.

41. Guenter Mittag reasoned on that there as follows: "An annual audit is made on reaching the planned output and on the most efficient utilization of the material funds shown in the balances, as normally done by State Audit for financial funds. For that purpose the chairman of the State Planning Commission sets up a central State Balance Inspectorate made up of the supervisory capacities in existence." (cf. NEUES DEUTSCHLAND, 12 December 1980, p 5).

42. The nomenclature for the balances to be audited is laid down by the chairman of the State Planning Commission "with respect to the given economic major tasking areas."

43. Cf. Article 16 Paragraph 2 of the decree on further perfecting economic cost accounting (refers to the investment control by the State Balance Inspectorate), Article 7 Paragraph 2 of the implementing regulation for the balancing decree (returning "unnecessary material funds"), and Article 9 of the inventory utilization order (the State Balance Inspectorate, State Audit and the State Bank have to see to it that "stocks not needed are put into effective economic use and preserved from being unjustifiably scrapped.")

44. Cf. Heinz Bartz and Sigrid Voss, "Influence Brought to Bear by Economic Law Regulations on a Rational Raw Materials and Materials Economy for an Intensive Use of Resources," STAAT UND RECHT, No 6, 1983, p 448.

45. Cf. Signart Loerler, "Legal Aspects in the Perfecting of Economic Management," Ibid., No 1, 1984, p 20.

46. As usual, it remained unpublished but was mentioned in the GDR press. Cf. NEUES DEUTSCHLAND, 9 March 1984, p 3.

47. Till 1984, only selected products were checked, there being a 54-percent proportion of the total output for commodity production that had to be checked. Cf. Christa Neumann and Adelheid Siemens, "New Regulations for Developing and Preserving Quality," WIRTSCHAFTSRECHT, No 1, 1984, pp 5 ff.

48. Cf. Christa Neumann and Adelheid Siemens, ibid., p 7; and Siegfried Schnorr, "What Is the Task of Quality Inspections in Combines," PRESSE-INFORMATIONEN, 23 March 1984, p 4.

49. Cf. "Sozialistische Finanzkontrolle, " op. cit., pp 110 ff.

50. In the GDR, the term performance comparison also includes intra-enterprise comparisons within the framework of socialist competition (e.g. performance comparisons between brigades), which is not dealt with in this article.

51. Cf. Wolfgang Salecker, "Performance Comparison and Economic Analytical Activity," WIRTSCHAFTSWISSENSCHAFT, No 3, 1984, p 358. (Discussion contribution at the economic science conference.)

52. Egon Neuberger and William J. Duffy, "Comparative Economic Systems: A Decision-Making Approach," Boston/London/Sydney, 1976.

53. Leipold, making rather too much of a point of it, refers to the stronger direct control as a "change in course clearly for reasons of political order relative to the intentions behind forming the combines," cf. Helmut Leipold, "The Combine Reform in the GDR in the Light of the Transaction Costs Economy, "Jahrbuch fuer neue politische Oekonomie" [Yearbook for New Political Economy] 3rd. volume, Tuebingen, 1984, p 263.

54. Cf. Gerhard Richter, "On Perfecting an Intensification and Efficiency Encouraging Evaluation," WIRTSCHAFTSWISSENSCHAFT, No 2, 1984, p 277.

55. Cf. Horst Richter, "On Some Questions of Economic Cost Accounting in Some Combines," ibid., No 2, 1984, pp 213 ff; and Dieter Hensel and Guenter Kuciak, op. cit., pp 378-379.

56. Cf. Kurt Erdmann, "Economic Cost Accounting in the Combine--Industrial Management Aspects and Consequences," "Das Wirtschaftssystem der DDR," op. cit., pp 121 ff.

57. Cf. Peter Hoss, op. cit., p 192.

58. The target conflict inherent in the system between stability and flexibility is also being addressed by GDR scientists. Cf. Hartmut Badestein and Gerhard Pflicke, "On the Connection between Highly Dynamic Economic Processes and Regulations under Economic Law," STAAT UND RECHT, No 3, 1984, pp 210 ff; and Uwe-Jens Heuer(within the framework of a survey among GDR political and law scientists), Ibid., No 3, 1984, pp 182 ff.

59. Cf. Guenter Lauterbach, "Technischer Fortschritt und Innovation. Zum Innovationsverhalten von Betrieben und Kombinaten in der DDR" [Technical Progress and Innovation. On the Attitude toward Innovations by GDR Enterprises and Combines], Erlangen/Nuernberg, 1982; Angela Scherzinger, "Aspects of R&D Planning in the GDR," VIERTELJAHRESHEFTE ZUR WIRTSCHAFTSFORSCHUNG, No 1, 1983, pp 76 ff.

60. Cf. Horst Richter, op. cit., p 217: "If there is too high a centralization in the use made of profit in the state budget, the cohesiveness of financial reproduction is no longer ensured on the combine level. As a result, the measures taken by the combines to increase efficiency crystallize only in slight profits, which in turn again reduces the material incentives for increasing efficiency."

61. The "system's pressure for experimentation" (K. Paul Hensel) has recently also been rather strikingly formulated by a GDR economic scientist: "The socialist planned economy can be identified neither with a definite plan parameter nor with an unalterable balance nomenclature or unchanging

standards for producing and using profits, unalterable contributions to public funds and so forth. But which plan parameters and incentive funds are used in a given plan period, how many positions are balanced centrally and how many on the combine level, and which projects become part of the science and technology plan--all that depends on the concrete reproduction conditions and the economic policy requirements placed on them while utilizing the economic laws of socialism, which goes to explain why the concrete manner of dealing with the planning instruments and with the economic mechanisms of the socialist planned economy is subject to changes in the first place." Cf. Hans Luft, "On the Matters of the Effect and Use of the Economic Laws of Socialism during the Intensification of Social Production," WIRTSCHAFTSWISSENSCHAFT, No 12, 1983, p 1776.

Appendix: Selected Laws and Decrees since 1982 (Laws of before 1982 cited in the text are placed at the beginning of this listing)

1. Decree on the Social Responsibility, Authorities and Duties of the Chief Accountant in State-Owned Combines and Enterprises--Hauptbuchhalterverordnung--of 7 June 1979. "Gesetzblatt der GDR" (GBL) [GDR legal gazette], Part I, 1979, pp 156 ff.

2. Decree on the State-Owned Combines, Combine Enterprises and the State-Owned Enterprises, of 8 November 1979. GBL Part I, 1979, pp 355 ff.

3. Decree on Material, Equipment and Consumer Gooods Bilancing--Bilanzierungsverordnung--of 15 November 1979. GBL Part I, 1980, pp 1 ff.

4. Order on the GDR's Economic Planning Order, 1981-1985, 28 November 1979. Separate GBL announcement No 1020/1980.

5. Decree on the Official Control Authorizations and Tasks of the Head of the Pricing Department in State-Owned Combines, 14 February 1980. GBL Part I, 1980, pp 63 ff.

6. Decree on Investment Implementation, 27 March 1980. GBL Part I, 1980, pp 107 ff.

7. Decree on Construction Balancing and Construction Project Planning Balancing, 15 May 1980, GBL Part I, 1980, pp 127 ff.

8. Decree on the Tasks and Working Method of the State Balance Inspectorate under the State Planning Commission, 15 January 1981. GBL Part I, 1981, pp 65 ff.

9. Decree on the Public Freight Transport by Railroad, Domestic Navigation and Motor Vehicle Traffic--Guetertransportverordnung (GTVO), of 10 December 1981. GBL Part I, 1982, pp 13 ff.

10. Decree on the Tasking Workbook for R&D Tasks--Pflichtenheft-Verordnung--of 17 December 1981. GBL Part I, 1982, pp 1 ff.

11. Decree on Further Perfecting Economic Cost Accounting Based on the Plan, 28 January 1982. GBL Part I, 1982, pp 85 ff.

12. Order on the Financing Guideline for the State-Owned Economy, 28 January 1982. GBL Part I, 1982, pp 113 ff.

13. Second Decree on the Production Fund Dues, 28 January 1982. GBL Part I, 1982, p 126.

14. Decree on the Granting of Credits and the Banking Controls over the Socialist economy--Kreditverordnung--of 28 January 1982. GBL Part 1, 1982, pp 126 ff.

15. Order No 2 on Supplementing the GDR's Economic Planning Order, 1981-1985, 29 January 1982. GBL Part I, 1982, pp 109 ff.

16. Order on Forming and Using Science and Technology Funds and on the Use of State Budgetary Means to Solve Scientific-Technical Tasks in the Producing Sectors of the Economy--Finanzierungsanordnung Wissenschaft und Technik--of 5 February 1982. GBL Part I, 1982, pp 150 ff.

17. Order on the Skeleton Guideline for Ascertaining, Planning, Controlling and Accounting for the Effectiveness of the Measures of Scientific-Technical Progress, of 5 February 1982. GBL Part I, 1982, pp 165 ff.

18. Resolution on the "Order for the Work with Science and Technology State Commissions"--Excerpt--of 18 February 1982. GBL Part I, 1982, pp 181 ff.

19. Order No 3 on the Planning, Forming and Use of the Performance Fund of the State-Owned Enterprises, of 26 February 1982. GBL Part I, 1982, p 188.

20. Law on the Contract System in the Socialist Economy--Vertragsgesetz--of 25 March 1982. GBL Part I, 1982, pp 293 ff.

21. First Implementing Regulation for the Contract Law--Commercial Contracts on Scientific-Technical Services--of 25 March 1982. GBL Part I, 1982, pp 325 ff.

22. Second Implementing Regulation for the Contract Law--Commercial Contracts on Investments and the Rehabilitation of Basic Assets--of 25 March 1982. GBL Part I, 1982, pp 329 ff.

23. Third Implementing Regulation for the Contract Law--Commercial Export/Import Contracts--of 25 March 1982. GBL, Part I, 1982, pp 333 ff.

24. Fourth Implementing Regulation for the Contract Law--Economic Contracts on Provisioning the Population--of 25 March 1982. GBL Part I, 1982, pp 339 ff.

25. Fifth Implementing Regulation for the Contract Law--Contractual Fines--of 25 March 1982. GBL Part I, 1982, pp 342 f.

26. Order No 3 on Supplementing the Order of Planning in the GDR Economy, 1981-1985, of 19 April 1982. GBL Part I, 1982, pp 365 ff.

27. Order No 3 on the Skeleton Guideline for Planning in Industrial and Construction Combines and Enterprises--Rahmenrichtlinie--of 19 April 1982. GBL Part I, 1982, pp 384 ff.

28. Order on the Nomenclature for the Planning and Balancing of and the Accounting for Material, Equipment and Consumer Goods in Preparation and Implementation of Annual National Economic Plans--Bilanzverzeichnis--of 22 April 1982. Speicla issue of GBL No 688/13.

29. Order on the Planning, Forming and Use of Maintenance Funds, of 27 April 1982. GBL Part I, 1982, pp 395 f.

30. Decree on the Planning, Forming and Use of Cultural and Public Welfare Funds in State-Owned Enterprises, of 3 June 1982. GBL Part I, 1982, pp 427 ff.

31. Order on the Planning, Forming and Use of the Performance Fund in State-Owned Enterprises, of 11 June 1982. GBL Part I, 1982, pp 429 ff.

32. Decree on Working with Norms and Standards for Material Consumption and for Keeping Stocks, of 1 July 1982. GBL Part I, 1982, pp 515 ff.

33. First Implementing Regulation for the Decree on Working with Norms and Standards for Material Consumption and for Keeping Stocks--Materialverbrauchs-normen--of 1 July 1982. GBL Part I, 1982, pp 520 ff.

34. Second Implementing Regulation for the Decree on Working with Norms and Standards for Material Consumption and for Keeping Stocks--Normative des Materialverbrauchs--of 1 July 1982. GBL Part I, 1982, pp 522 ff.

35. Third Implementing Regulation for the Decree on Working with Norms and Standards for Material Consumption and for Keeping Stocks--Vorratsnormen und Normative der Vorratshaltung--of 1 July 1982. GBL Part I, 1982, pp 524 ff.

36. Decree on Product-Related Dues and Price Supports, of 1 July 1982. GBL Part I, 1982, pp 547 ff.

37. Implementing Regulation for the Decree on the Local Distribution of Investments, of 1 September 1982. GBL Part I, 1982, pp 600 ff.

38. Decree on the Planning, Forming and Use of the Bonus Fund for State-Owned Enterprises, of 9 September 1982. GBL Part I, 1982, pp 595 ff.

39. First Implementing Regulation for the Decree on the Planning, Forming and Use of the Bonus Fund for State-Owned Enterprises, of 9 September 1982. GBL Part I, 1982, pp 598 ff.

40. Second Implementing Regulation for the Decree on Managing and Conducting Foreign Trade--Foreign Trade Contracts under License Obligation--of 30 December 1982. GBL Part I, 1983, p 23.

41. Order on Materially Rewarding Working People for Fuel Savings in Motor Vehicles on the Road, of 20 January 1983. GBL Part I, 1983, pp 39 f.

42. Order on Fuel Consumption Norms for Motor Vehicles on the Road, of 20 January 1983. GBL Part I, 1983, pp 40 ff.

43. Order No 2 on the Planning and Balancing of and the Accounting for Plant Exports Including Ancillary Supplies and Performances for Plant Export, of 9 February 1983. GBL Part I, 1983, pp 50 ff.

44. Order No 4 on Supplementing the Planning Order of the GDR Economy, 1981-1985, of 31 March 1983. Special issue of GBL, No 1122.

45. Order No 4 on Supplementing the Planning Order of the GDR Economy, 1981-1985, of 31 March 1983. Special issue of GBL, No 1020/1 k (Revision of Part K in the 28 November 1979 Planning Order).

46. Decree on the Social Funds Contribution, of 14 April 1983. GBL Part I, 1983, pp 105 f.

47. First Implementing Regulation for the Decree on the Social Funds Contribution, of 14 April 1983. GBL Part I, 1983. p 106.

48. Decree on Production Fund Dues, of 14 April 1983. GBL Part I, 1983, pp 106 f.

49. First Implementing Regulation for the Decree on Production Fund Dues, of 14 April 1983. GBL Part I, 1983, pp 107 ff.

50. Order on the Financing Guideline for the State-Owned Economy, of 14 April 1983. GBL Part I, 1983, pp 110 ff.

51. Order on the Planning, Forming and Use of the Performance Fund in State-Owned Enterprises, of 14 April 1983. GBL Part I, 1983, pp 121 ff.

52. Order on Periodically Ascertaining Consumption Stocks Not Needed, by the Balancing Organs, and on the Responsibility and Incentives Provided by the Producers for Making an Effective Use of the Excess Stocks of Their Production Assortments--Bestandsverwertungsanordnung--of 14 April 1983. GBL Part I, 1983, pp 146 ff.

53. Order No Pr 475 on Cost and Price Ceilings, of 14 April 1983. GBL Part I, 1983, pp 131 ff.

54. Order No 3 on Cash Planning, of 14 April 1983. GBL Part I, 1983, pp 123 f.

55. Fourth Implementing Regulation for the Decree on Working with Norms and Standards for Material Consumption and for Keeping Stocks--Amendment of the Third Implementing Regulation--of 4 May 1983. GBL Part I, 1983, pp 145 f.

56. Order on Using Transportation Standards to Improve the Planning, Accounting and Control of Transportation Expenditures in the Transportation-Intensive Branches of the National Economy--Transportnormativanordnung (TNAO)--of 1 June 1983. GBL Part I, 1983, pp 166 f.

57. Implementing Regulation for the Decree on Material, Equipment and Consumer Goods Bilancing--Bilanzierungsverordnung--of 2 June 1983. GBL Part I, 1983, pp 161 ff.

58. Order on the Planning and Allocation of State Revenue Premiums, of 2 June 1983. GBL Part I, 1983, pp 164 f.

59. Decree on the End-of-Year Status Reports in the State-Owned Economy, of 23 June 1983. GBL Part I, 1983, pp 193 ff.

60. Order No Pr 473 on Prevailing Industrial Prices Taking Effect in Agricultural Enterprises and Facilities in Implementation of the Agrarian Price Reform, of 11 July 1983. GBL Part I, 1983, pp 201 ff.

61. Order on Planning Currency Financing--Umlaufmittelanordnung--22 July 1983. GBL Part I, 1983,pp 218 ff.

62. Order on Checking and Reviewing the Standard Working Life and Amortization Principles for Basic Assets, of 2 August 1983. GBL Part I, 1983, pp 236 ff.

63. Order on the Planning and Implementation of the Revaluation of Stocks in Material Currencies, of 10 August 1983. GBL Part I, 1983, pp 239 f.

64. Law on the Legal Protection of Inventions--Patent Law--27 October 1983. GBL Part I, 1983, pp 284 ff.

65. Order on Proceedings before the Inventions and Patent Affairs Office to Ensure the Legal Protection of Inventions, of 10 November 1983. GBL Part I, 1983, pp 331 ff.

66. Order on Further Economic Measures to Reduce Economic Transportation Costs, of 14 November 1983. GBL, Part I, 1983, pp 336 ff.

67. Announcement on Lifting Legal Provisions in the Field of Industrial Prices, of 17 November 1983. GBL Part I, 1983, p 341.

68. Order on the Central State Calculation Guideline for Setting Industrial Prices, of 17 November 1983. GBL Part I, 1983, pp 341 ff.

69. Order No Pr 305 on Price Application Procedure, of 17 November 1983. GBL Part I, 1983, pp 371 ff.

70. First Implementing Regulation for the Decree on the Tasking Workbook for R&D Tasks--Pflichtenheft-Verordnung--of 23 November 1983. GBL Part I, 1983, pp 381 ff.

71. Order on the Use of Economic Cost Accounting in R&D, of 23 November 1983. GBL Part I, 1983, pp 387 ff.

72. Order on the Total Economic Computation for R&D Tasks and the End-of-Year Accounting for Science and Technology, of 23 November 1983. GBL Part I, 1983, pp 359 ff.

73. Decree on Developing and Ensuring Product Quality, of 1 December 1983. GBL Part I, 1983, pp 359 ff.

74. First Implementing Regulation for the Decree on Developing and Ensuring Product Quality--Erzeugnisanmeldung--of 1 December 1983. GBL Part I, 1983, pp 412 ff.

75. Second Implementing Regulation for the Decree on Developing and Ensuring Product Quality--Official Quality Control over Design--of 1 December 1983. GBL Part I, 1983, pp 416 f.

76. Statute for the Standardization, Measurement and Commodity Testing Office--Council of Ministers Resolution--of 1 December 1983. GBL Part I, 1983, pp 417 ff.

77. Decree on Ordering and Delivery Conditions for Raw and Working Materials and Ancillary Products--Bestell-und Lieferbedingungen-Verordnung--of 5 January 1984. GBL Part I, 1984, pp 9 ff.

78. Order No Pr 441 on Setting Prices for Luxury Items, of 10 February 1984. GBL Part I, 1984, pp 106 ff.

79. Second Decree on Further Improving Economic Cost Accounting on the Basis of the Plan, of 8 March 1984. GBL Part I, 1984, pp 114 f.

80. Decree on Standardization--Standardisierungsverordnung--of 15 March 1984. GBL Part I, 1984, pp 157 ff.

81. Order No 5 on Supplementing the Planning Order for the GDR Economy, 1981-1985, of 30 March 1984. GBL Part I, 1984, pp 128 ff.

82. Order on Using Transportation Standards to Improve the Planning, Accounting and Control of Economic Transportation Costs--Transportnormativanordnung (TNAO)--of 1 April 1984. GBL Part I, 1984, pp 122 ff.

5885
CSO: 2300/20

GROWTH OF MERCHANT FLEET REVIEWED

East Berlin NEUES DEUTSCHLAND in German 16 Aug 84 p 3

[Article by Ulla Massow: In the Three Harbor Cities Four Large Shipyards Emerged; From the Small Wooden Cutter to the Full Container Ship; on the 35th Anniversary of the GDR the 300th Oceangoing Freighter Will Be Delivered"]

[Text] The course has been set and it will be adhered to: On the occasion of the anniversary of the Republic, the Rostock Warnow shipyard will deliver the 300th oceangoing freighter. With its delivery rate of an annual eleven to twelve ships with a deadweight tonnage of 10,000 to 20,000 tons, this shipyard belongs to the group of shipbuilding enterprises which are internationally preeminent in this field of activity. It has a decisive share in the fact that the GDR is ranked fourth among the world's freighter-building countries.

An Industrial Branch With an Assured Future

The Warnow shipyard has for years been setting the standards for the 17 enterprises in the shipbuilding combine, with respect to high growth rates as well as to rapid inclusion of newly generated items in the production process. The most recent result of effective research and development is the jubilee ship to be completed on the occasion of the anniversary, a "Lo-Ro" freighter (Lift on -- lift off and roll on -- roll off). This universal transport ship can be loaded and unloaded both over the stern ramp and with traditional cranes.

Generations of types of ships lie between this 300th oceangoing freighter MS "Rostow" and the first construction of the freighter "Frieden" in 1957. At that time the party had set the shipbuilders the task of building for the continually growing foreign trade relations of the GDR its own efficient merchant fleet. For the formerly small shipbuilding enterprise on the Warnow this meant that it would have to develop from being a producer of wooden cutters to a large shipyard for the building of oceangoing freighters. Fourteen ships of the "Frieden" class, which sailed predominantly under the GDR flag, were at the end of the 1950s already bearing witness on the world's oceans to the skill of the shipbuilders in the first workers' and peasants' state on German soil.

In the 1950s, three additional shipyards came into being on our Baltic Sea coast. On a swampy meadow, the people's shipyard at Stralsund began to build

its first coastal fishing boats under the open sky. In the meantime the Stralsund people have become the world's biggest producer of fishing boats and their products have in all fishing areas become a reflection of GDR quality work.

The workers in Wismar had available to themselves only an old assembly shop and one lathe when they set up their shipbuilding enterprise at the edge of the city. When striking a 35-year balance for our republic, we find that they contributed more than 260 new ships constructed for shipping lines in 12 countries. They include 24,000-ton vessels as well as refrigerator ships and transports. And, finally, the Neptun shipyard in Rostock is already more than 130 years old. It was a totally obsolete enterprise at the time of the foundation of our state. Through expansion and modifications it also developed into an efficient shipyard which annually delivers 12 freighters and special purpose ships.

Shipbuilder Juergen Maibohm of the Warnow shipyard told us "I am proud that I have shared in the work of building up our shipyard combine, which has a good reputation in the world." He also said: "In the future, too, every colleague in the shipyards and ancillary enterprises will be urgently needed. In contrast to the situation in the shipyards of the capitalist countries, where they are suffering from a chronic shortage of orders and where the shipyard workers are relentlessly being fired and sent packing, our shipyards are to a far-reaching extent fully booked up with orders up to 1990." He pointed out long-term contracts with the USSR, which had promoted the building up of the GDR shipbuilding industry from its very inception and which has already bought more than 3,200 ships from our republic for its own fleets.

Juergen Maibaum (45), who became qualified to work as a specialized shipbuilding expert, belongs to the nucleus of 6,600 shipyard workers, engineers, and technologists who learned their trade and further developed their skills within their enterprise. His training supervisor Gerhard Kuharazak has told us that after his graduation from vocational school he had trained thousands of shipbuilding workers. He, himself, became a qualified marine-engine construction engineer and engineering instructor. His former apprentice, Walter Behlich, for instance, today holds the responsible position of shipyard director, having formerly held the positions of operational engineer, department head, chief technologist, and shipbuilding affairs chief. Thousands of others also continued the learning process after their training and study courses had been concluded.

The Work Image Has Changed

The image of their work is changing more and more towards an improved mastery of modern technology, especially electronics. What must be done is to devleop data-controlled machines, to build them economically with respect to material expenditures, to prepare their production with the aid of electronic data processing and to rationalize it, to control microelectronically steered operational processes on land and on board ship, to hold one's own as welders on automated equipment, and so forth. In engine construction, which is one

of the ship equipment sectors, seven different highly specialized occupations are today required for handling the modern technological equipment in the shops and on the ships. And the demands which will be made on skills and knowledge will continue to increase.

This year alone, 58.4 percent of the building program in the shipyard combine are to be replacements. Involved are freighters and fishing vessels, the intrinsic value of which vis-a-vis their predecessors is more than 30 percent higher.

"The example of my own family shows me how well good work pays off for each individual," Gerhard Kucharzak told us. "In 1952 I was one of the first employees of our plant to be given a new apartment. In the meantime my three children have become independent. They have learned and they have studied. Two of them belong to the young generation of shipbuilding workers at the Warnow shipyard. Martina is a carpenter, Manfred passed his engineering examination in July." They have taken up the relay baton of the older generation, and are rendering their contribution for the further development of this branch of industry.

8272
CSO: 2300/48

NEW LEGAL PROVISIONS FOR BUILDING LAND ISSUED

East Berlin NEUE JUSTIZ in German No 9, Sep 84 pp 365-368

[Article by Dr Klaus Mehnert, Director of the Legal Department, Dr Hans-Peter Berger and Dr Hans Tarnick, Scientific Assistants for the Legal Department in the Secretariat of the Council of Ministers: "Allocation of Building Plots for Construction Measures and Rules Governing Compensation"]

[Text] The planned execution of the construction measures listed in the economic plans presumes that the appropriate building land is available. That holds true for the consistent realization of the housing construction program as the core of social policy as well as for investments for the continuing strengthening of our national economy's material-technical base in all branches and sectors.

The necessary legal bases required for this purpose, consonant with the status of our social development, were created by the Law on the Allocation of Plots for Building - Building Land Law - of 15 June 1984 (GBl I No 17 p 201), taking effect on 1 January 1985. This law supersedes the Rehabilitation Law of 6 September 1950 (GBl I No 104 p 965) and its consequent regulations, which had achieved truly historic importance as the "basis in law of the comprehensive rehabilitation of our cities and villages for more than 30 years."[1]

Closely linked with the Building Land Law is the Law on Compensation for the Allocation of Building Plots - Compensation Law - of 15 June 1984 (GBl I No 17 p 209), also to take effect on 1 January 1985 and superseding the Compensation Law of 25 April 1960 (GBl I No 26 p 257) and consequent regulations. The Compensation Law guarantees that "the rights stipulated in the Constitution of our state for the protection of citizen property will continue to apply without restriction."[2] They include the right to proper compensation in the case of expropriation for public benefit purposes. In cases of the withdrawal of ownership rights, the new provision incorporates even more extensive opportunities for largely reconciling social needs with the interests of the former owners.

The Building Land Law and its DVO [implementing regulation] of 15 June 1984 (GBl I No 17 p 205) is the general and most comprehensive legal provision for the allocation of building land for the planned erection of buildings, building structures and open spaces. Insofar as regulations

on the allocation of real property are included in other laws for special purposes--for example the Mining Law of 12 May 1969 (GBl I No 5 p 29), the Water Law of 2 July 1982 (GBl I No 26 p 467) or the Defense Law of 13 October 1978 (GBl I No 35 p 377)--, these continue to apply. On the other hand, the Compensation Law and its DVO [implementing decree] of 15 June 1984 (GBl I No 17 p 211) provides for the compensation of the former owners in all cases of the deprivation of ownership rights on the basis of the law.

On the Principles of the Building Land Law

The timely selection and determination of the most favorable building locations for residential districts, production plants or social facilities exert a great deal of influence on the economic efficiency and social efficacy of construction and investment activities. The Building Land Law takes into consideration that future construction will concentrate on the inner cities. Article 9, for example, provides that new buildings must normally be constructed within already built-up areas of cities and communities. This serves primarily to lower the costs of urban development.

In addition to the allocation of building plots for construction, the issue of the common utilization of building plots and the observance of particular utilization conditions was therefore legislated also (Article 17). To avoid heavy costs, especially in the case of comprehensive measures of new construction, remodeling and extension, modernization and repair, it is necessary to temporarily establish the common use of neighboring property for the storage and transportation of building materials, the placement of construction machines, and so on. This may result in inroads on the established use by title holders, owners or tenants. The provisions on the common use of real property take into account earlier model regulations, for instance those issued for energy and water management.[3]

The Building Land Law does not regulate the planning of the allocation of building plots for building measures. In this respect it continues on from existing legal regulations, in particular those dealing with the location of productive forces and urban planning.[4] According to Article 8 Paragraph 2, therefore, real property may be allocated as building land for building measures only if the building measures have been classified at the planned location. The decision on the classification of the location is also an indispensable prerequisite for expropriation and the issue of the order to change the title holder.

The conservationist and rational use of the land is one of the law's key points. Construction customers are obligated to exploit all opportunities for the rational utilization of their own plots and the building stock worth preserving. The building land of other title holders or owners may be called upon only when evidence of the utilization of their own potential has been furnished (Articles 3 Paragraph 2, 8 Paragraph 1).

The use of farm or forestry land is to be avoided as much as possible (Article 10). Article 6 Paragraph 3 obligates the Minister for Construction

to issue space normatives on the rational use of building land and to supervise their observance. The first regulation of this kind was actually issued as an AO [order] on Space Need Normatives for Investments by Industry and Warehousing of 22 June 1982 (GBl I No 28 p 529).

Now deleted is the proclamation of some regions as rehabilitation areas, designed in Article 14 of the Rehabilitation Law to, among others, inform the public about the goals of rehabilitation. Instead Article 5 of the Building Land Law provides for the extensive legal duty of people's representations and their councils in cities, city districts and communities, together with the building customers to suitably inform and consult residents, enterprises, facilities, cooperatives and social organizations on the building measures planned in the region. This duty stands, regardless whether building plots are or are not used.

Of particular importance in the preparation and execution of building measures--especially in the inner cities where the principle "building and living" applies to some extent--is close cooperation between building customers and residents, the committees of the GDR National Front and the social organization. This also is a legal duty as per Article 5 sentence 2.

The Allocation of Building Plots as Building Land

Included in building land are building plots

a) Held by virtue of legal title, ownership or use of the building customer,

b) Held in legal title by other enterprises,

c) Owned by private citizens, cooperatives and social organizations.

As mentioned earlier, building plots already held by the building customer must be used first. A new feature is the introduction of a possible order for a change in title for the benefit of the building customer if agreement as per the AO on Legal Titles to State Building Plots of 7 July 1969 (GBl II No 68 p 433) fails to be achieved (Article 12).

Article 11 explicitly states that the building plots, buildings and building structures required for building measures must be obtained by the conclusion of contracts between the building customer and the title holder, owner or holder of the right of disposal. Expropriation is permitted only exceptionally, if contracts fail to be agreed upon (Article 12). This state of affairs must always be reviewed before the application is submitted, and before a decision on expropriation is issued. This provision complies with the principle of Article 16 of the Constitution, according to which expropriation is admissible only for public purposes and for appropriate compensation, if the public purpose intended cannot be achieved by any other means.

The procedure regarding expropriation (Articles 12, 13 Building Law; Articles 8, 9 of the DVO to the Building Law) includes several significant

innovations. Abolished are the separation formerly existing between proclamation as a rehabilitation district and notice of claim as well as the various competences of state organs for both tasks. The problems arising in the former practice have been repeatedly indicated in the past.[5]

Expropriation must be applied for by the building customer (Article 12 Paragraph 1). According to Article 1, building customers are state organs, state combines, economy managing organs, state enterprises, state and publicly owned facilities, socialist cooperatives and social organizations as well as their enterprises and facilities. Private citizens may not be applicants. However, to safeguard the construction of private homes by private citizens, the councils of cities, city districts or communities may submit applications (Article 12 Paragraph 1). The conditions for the expropriation of building plots for the construction of private homes were carried over to the Building Land Law (Article 12 Paragraph 4) from the Second DB [implementing regulation] to the Rehabilitation Law of 29 September 1972 (GBl II No 59 p 641), which was found useful in practice.

Expropriation proceeds by decision of the kreis council. Due to the importance of the decision, it must be arrived at by a resolution passed by the full council (Article 12 Paragraph 3). Delegation of the decision to a technical organ or council member is inadmissible.

Article 13 specifies the legal effects of the state decision on expropriation. At the point in time stipulated in the decision, the building plot, building or building structure passes into state ownership. A new provision states that ownership by socialist cooperatives or social organizations may be established in exceptional cases (Article 13 Paragraph 2). This provision takes account of the fundamental significance of socialist property and all its elements as the economic basis for the organization of the developed socialist society. Insfar as ownership by socialist cooperatives or social organizations is to be established, the bezirk council decides the expropriation by resolution, following prior approval by the Minister for Finance and the Minister for Construction.

As before, the rights of third persons as well as rental and usufruct contracts entered in the land register expire consequent upon the decision on expropriation (Article 13 Paragraph 1 No 2). It is therefore not necessary to issue notice of termination of such contracts. Usufruct holders will receive a copy of the kreis council resolution (Article 9 Paragraph 3 of the DVO to the Building Land Law).

The former owner's claim to compensation arises immediately at the time of expropriation (Article 13 Paragraph 1 No 3). Dealt with for the first time is the matter of the claims of former usufruct holders with regard to the settlement of their claims from the compensation amount. As before, such a claim also lies for owners of rights entered in the land register.

The state alone is authorized to pronounce expropriation on the application of a building customer. The legal relations resulting therefrom arise

directly between it and the former owners. Any claims may be asserted only against the state. This is stated unequivocally in Article 2 Paragraph 1 of the Compensation Law and the appeals procedure settled in Article 21 Building Land Law. Owners or usufruct holders of building plots have no claim on the building customer.

Definition of Areas Reserved for Construction

To ensure long-term urban development and the rational use of space and location coordination for building measures, both empty and built-up spaces may be defined as areas reserved for construction (Article 7). This new provision is designed to ensure the development of future built-up areas conceived on the basis of general building plans, local organizational conceptions, general traffic plans, comprehensive housing construction conceptions and other long-range plans. The precepts, interdictions and use conditions are to prevent the construction of buildings and building structures which would have to be demolished within a short delay.

Demands on the necessity for defining areas reserved for construction must be great. No such definition is permissible for the mere purpose of adding to the stock of building land. Once issued, decisions on areas reserved for construction must be regularly reviewed and canceled or amended if the intention of future use no longer persists or has changed (Article 5 of the DVO to the Building Land Law).

The great social and economic importance of the definition of areas reserved for construction is underlined by the fact that it needs the bezirk assembly to pass the appropriate resolution. The kreis assembly is permitted to decide in some specially stipulated instances only (Article 7 Paragraph 2).

Building Work on Existing Buildings and Building Structures

The resolute implementation of the housing construction program in the unity of new construction, reconstruction, modernization and preservation of housing space as well as the adoption of intensive urban development require the local state organs, title holders and owners to cooperate in the accomplishment of these tasks. The legal duties of title holders and owners for the maintenance and repair of housing as well as the conduct of needed remodeling and extension work in order to obtain more housing space are clearly set out in Articles 14 ff of the Housing Space Control VO [decree] and in Articles 95 and 101 ZGB [civil code].

Article 15 Building Land Law now introduces the general duty of title holders and owners to carry out the measures of modernization, remodeling and extension as well as maintenance and repairs included in the economic plans. This will make it possible to include buildings and structures of all types of ownership in the complex measures of modernization that, as a rule, involve entire street blocks. At the same time the proper conditions will be provided in the course of comprehensive modernization to rehabilitate existing commercial premises. Furthermore, the provisions of Article 15 will be increasingly important for the execution of such long-range programs as roof and facade repairs, decided upon by the local people's representations.

The Building Land Law presumes that the economic plans will also include provisions on the allocation of the necessary construction and other capacities, and that enterprises and facilities will be required to carry out building measures. To be taken into account are the performances of title holders and owners themselves. The method of carrying out construction and the own services to be rendered must be agreed between the title holders/owners and construction enterprises (Article 15 Paragraph 2 Building Land Law, Article 10 Paragraph 3 of the DVO to the Building Land Law).

The council of the city, city district or community may order building measures for modernization, remodeling and extension as well as for the repair and maintenance of buildings, structures and open spaces, if the title holder or owner fails to meet his obligations (Article 16 Paragraph 1). To secure the opportunities for financing building measures ordered, Article 14 of the VO on the Financing of Building Measures to Create and Preserve Private Housing Space of 28 April 1960 (GBl I No 34 p 351) was appropriately amended by Article 15 Paragraph 2 of the DVO to the Building Land Law.

Among the conditions stipulated in Article 16 Paragraph 3 of the Building Land Law is the permission to expropriate a building plot, building or structure in order to safeguard modernization, remodeling, extension and repairs. In these instances, the applicant need not be the building customer also. Article 16 Paragraph 2 therefore incorporates a separate listing of possible applicants.

No expropriation is permissible to safeguard maintenance.[6] This is usually carried out by the owners themselves; but they may be ordered by the competent local council as per Article 16 Paragraph 1.

If the economic plans provide for the reconstruction of buildings and structures, the allocation of the necessary building plots proceeds as for new constructions (Article 14 Paragraph 1).

Legal Remedies Against Decisions as per the Building Land Law

According to Article 20, the state decisions listed there must be prepared in writing and provide reasons and instruction about legal remedies. Involved are

-- The issue of assignments for the enforcement of the precepts, interdictions and conditions for usufruct in areas reserved for construction (Article 7 Paragraph 2 Sentence 3),

-- Expropriation and the order to change title holders on the terms of Articles 11 and 12, Paragraphs 1 and 2 or 4 (Article 12 Paragraph 3),

-- The order to carry out building measures as per Article 15 to the owner or authorized agent (Article 16 Paragraph 1),

-- Expropriation if the owner fails to himself carry out the building measure, or, in the case of the failure to agree on building measures as per Article 16 Paragraphs 2 and 3 (Article 16 Paragraph 4),

-- The order for the common use of building plots and the imposition of utilization conditions to safeguard the execution of building measures (Article 17 Paragraph 2).

An appeal against these state decisions is admissible as per Article 21. This provision corresponds to those of other laws, on the basis of which property rights may be restricted or withdrawn. This strengthens the confidence of private citizens in the correctness of state decisions.

The law does not provide for an appeal against the designation of an area as one reserved for construction as per Article 7 Paragraph 1.

On the Principles of the Compensation Law

Based on Article 16 of the Constitution, the Compensation Law settles the compensation of former owners after the expropriation of building plots, buildings, structures and plantings. The new version of the Compensation Law bases on provisions which have been tried and tested in the past. At the same time and taking into account the status of social and economic development, the promotion and protection of personal property is being further extended. That happens by the following principles, in particular:[7]

1. In the case of the expropriation of personally used property (for example private homes and weekend plots) the entire amount of compensation is paid at once.

2. In accordance with the regional potential, local councils are obligated in law to assist private citizens to obtain alternative homes, personal households and weekend plots.

3. Priority is to be extended to the satisfaction from the compensation of the claims of former tenants or users of real property for the building measures and plantings carried out on the basis of rental or use contracts.

4. The vital provisions of the Compensation Law are applicable also to the conclusion of purchase contracts.

The Claim to Compensation

Compensation in the meaning of the Compensation Law[8] is monetary restitution for the expropriation of building plots and buildings, structures and plantings. Their value on the day the expropriation takes effect is the basis for the calculation of the amount of compensation (Articles 3 Paragraph 1, 4 Paragraph 1).

The determination of the value at the time of the respective object as the criterion of the amount of compensation corresponds to earlier regulations.

The immediate loss of property is compensated.[9] Private citizens may, if they so wish, use this money to acquire a replacement of equal value, because--by the application of the price regulations in effect--, the latter's purchasing price is to be ascertained by the same principles as the amount of the compensation. Additional costs due to the acquisition of a replacement object of higher value do not count for compensation, nor does an expected future yield or profit.

Legal Obligation of Local Councils to Assist Citizens

In the case of expropriations for the public benefit, councils of kreises, cities, city districts and communities have even in the past assisted the former owners in various ways in the replacement of private homes and thereby contributed to the reinforcement of the citizens' confidence in their socialist state. Article 5 now more comprehensively organizes assistance to the citizens as a legal obligation of local councils and regulates it variously for private homes, building plots and buildings for personal households and weekend plots.

Article 3 of the DVO to the Compensation Law orients to the most significant practical measures to help citizens replace private homes and personal households. The form of the assistance granted depends on the possibilities available in the region. If, initially, no such possibilities are available in the region, the obligation to provide assistance stands nevertheless. This responds to the compelling phraseology of the law and demonstrates the great value the socialist state assigns these types of citizens' personal property. The regulation provided an equivalent for the hitherto possible grant of compensation in kind.[10]

As for the obligation to provide assistance with respect to the replacement of personally used weekend plots with a building on them, the various and often very limited prerequisites for replacement are taken into account insofar as "assistance is to be granted within the framework of the possibilities in the region" (Article 5 Paragraph 1). Special state provisions continue to apply for the replacement of small VKSK [Union of Small Gardeners, Settlers and Small Livestock Breeders] gardens.

Other Provisions for the Benefit of the Citizens

The new version of the Compensation Law retains proven provisions for the benefit of citizens. They include 4 percent interest paid on compensation from the day the expropriation takes effect to the day of the payment of compensation (Article 3 Paragraph 2). Also continuing is the possibility to relieve GDR citizens from state demands if payment is not possible from the compensation (Article 7). If compensation is paid in instalments, amounts in excess of M3,000 are always entered as debt register claims (Article 12 Paragraph 2). Annual instalments in excess of M3,000 may be paid toward the maintenance and creation of living space (Article 12 Paragraph 4).

Consonant with Article 12 Paragraph 1 No 3 of the Building Land Law, claims by former tenants or users with respect to structural changes or plantings

on the basis of rental or use contracts may be satisfied directly via the compensation (Article 6). This procedure is intended to provide relief for the claimants. Especially in the case of claims arising from structural changes carried out by the tenant as per Article 112 ZGB, evidence may now be submitted to the kreis council in place of the sometimes lengthy disputes with the former owner. Proven claims have first call on the compensation (Article 6 Paragraph 4 No 1). Only thereafter are all other claims to be met in the sequence laid down in the legal regulations for the distribution of the profit achieved in the sale of building plots and buildings (see Article 20 Real Property Procedure VO).

As the law is to applied even to compensation proceedings not completed at the time the law takes effect (Article 15), all the new and beneficial regulations will be fully effective with respect to the citizens involved.

Cooperation by the Social Forces in Compensation Proceedings

The kreis council member in charge of finances and prices decides the amount of the claim for compensation and issues a notice on the facts of the matter (Article 8). When considering his decision, he is advised by a compensation commission (Article 9), members of which may be representatives of other technical organs of the kreis council. The permanent kreis assembly committees on budget and financial affairs may delegate members to the compensation commission (Article 9 Paragraph 2). Representatives of state credit institutions, state organs and facilities as well as of the investment customers may be temporarily coopted for cooperation in the compensation commission.

This extensive involvement of social forces serves the all-round elucidation of citizens' claims. Persons entitled to compensation have the right to personally address the compensation commission and state their case before the issue of the notice of the facts of the matter (Article 9 Paragraph 3). They must receive a detailed oral explanation. The compensation commission must always meet before the decision on an appeal against the statement of the facts of the matter (Articles 13 and 14).

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The two new laws fit with the Tenth SED Congress target to further perfect the socialist legal system and adjust legal regulations to the status of social development achieved. While resolutely observing the legal rights and interests of private citizens, they serve the rational use of building land and capital assets for building as well as realize planned investments with the greatest possible useful effect.

FOOTNOTES

1. From the justification of the Building Land Law by the Minister for Construction, NEUES DEUTSCHLAND, 16/17 June 1984, p 4.

2. From the justification of the Compensation Law by the Ministry for Finance, NEUES DEUTSCHLAND, 16/17 June 1984, p 4.

3. See Articles 29 ff of the VO on Energy Supply in the GDR - Energy VO - of 30 October 1980 (GBl I No 33 p 321) and Article 40 of the Water Law of 2 July 1982 (GBL I No 26 p 467).

4. They are the VO on the Location of Investments of 30 August 1972 (GBl II No 52 p 573) in the version of the Second VO of 1 February 1979 (GBl I No 6 p 57); the section planning of complex housing construction and housing management, planning of basic assets and investments as well as regional planning of the AO on the Order of Planning of the GDR National Economy 1981-1985 of 28 November 1979 (GBl Special Issue No 1020 h, e and p); the AO on the Complex Directive for Urban Planning and the Organization of New Residential Districts in the 1981-1985 Five-Year Plan Period of 28 January 1982 (GBl I No 7 p 162).

5. See G. Rohde, "Die Bereitstellung von Boden fuer Investitionen und Andere Bauliche Massnahmen" [The Allocation of Land for Investments and Other Building Measures], first edition, Berlin 1974, p 244.

6. In accordance with No III - 13 of the definition for planning, accounting and statistics issued by the Central Administration for Statistics Maintenance are: Part of building repairs representing preventive measures of minor constructional importance, and which keep buildings and structures functional at little cost. They are especially building operations
 -- arising for the prevention of damage, planned servicing and checks on parts of the building (also included is building equipment such heating, plumbing and electric installations, elevators and ventilating plant, provided the work is carried out by construction enterprises),
 -- for the removal of minor damage to surfaces, roofing, chimneys, ovens, windows, doors and floors and for painting operations.

7. See "From the Justification of the Compensation Law...," as before.

8. In addition to the compensation for expropriation regulated in the Compensation Law, other legal regulations deal with citizens' claims for compensation for loss of property or increased expenses that were sometimes also described as compensation but also as payments, reimbursement, equalization, and so on. Such claims are not affected by the Compensation Law.

9. Quite frequently the former owners are not interested in obtaining actual replacements (older citizens wish to be allocated housing space appropriate to their age; for some reacquisition appears too expensive, and so on).

10. The grant of compensation in kind provided in other legal regulations (Water Law, Land Use VO, and so on) are not affected by the abolition of the dispositions on compensation in kind.

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STATE-INITIATED RELOCATION TO PROVIDE SUFFICIENT HOUSING

West Berlin TAGESSPIEGELin German 4 Oct 84 p 13

[Report by Michael Mara: "The Government Pays for Moving Expenses"]

[Text] The retired couple K. in Rostock received an entirely unexpected official visit--a kind of delegation from the city council. The delegates cordially presented themselves and asked for the state of health and the concerns of the old people before coming to the business in hand. The couple, they said, lived in an "underoccupied" apartment. They were offered relocation in a pleasant small apartment in a new building. A large family was to move into their large apartment, located in an old building. The old people were not to worry about the move; that would be handled by a municipal moving service. The city would pay all expenses.

Lately the incidence of such conversations has been increasing with regard to GDR citizens whose living space is deemed "underoccupied." Considered "underoccupied" in the GDR is any apartment accommodating two persons less than the number of rooms. This means, for example, that a four-room apartment is deemed too large for a couple, at least if the persons concerned are ordinary GDR citizens. The state "living space normative" does not apply to senior officials or well-known scientists and artists.

Despite government housing space controls, many apartments in the GDR are reportedly "underoccupied." Many households shrink when the children grow up and leave home, also due to divorce or death. Hans-Ulrich Zoefeld, member of the district council competent for housing policy in Erfurt Bezirk, for example, confirms the presence of 20,000-30,000 "underoccupied" apartments there. On the other hand there are some 10,000 "overoccupied" apartments, accommodating at least two persons more than rooms are available.

So as to achieve a balance, special housing exchange centers and a so-called moving service are being built up in all GDR districts. According to the Erfurt housing official, these new facilities are to help--on government orders--by increased housing exchanges "to more rapidly improve housing conditions for even more GDR citizens."

As regards the housing issue, party and government are under pressure. They promised to settle the housing problem in the GDR by 1990. However, despite respectable construction efforts, many people are still in need

of housing--for various reasons. According to official information, about 50,000 applications are on file in Leipzig alone. Among those seeking new accommodation are many who live in overcrowded apartments and urgently need more space.

Officials cite studies noting that many of the mostly elderly residents of "underoccupied" apartments would willingly relocate to a small comfortable apartment but up to now hesitated, fearing the effort and costs involved. That is why those consenting to move are now offered all possible aid and assistance.

In some cities this assistance ranges from the settlement of the removal formalities via furniture haulage and the arrangement of the furniture in the new apartment to making and hanging drapes, includes the purchase of new furniture and the sale of the old pieces. Sometimes assistance extends to beautification work in the new apartment. In addition to the actual costs of the removal, the government also pays other expenses for low-income residents, primarily retired persons.

District council official Hans-Ulrich Zoefeld reports that more than 1,500 citizens visited the new housing exchange centers in Erfurt Bezirk. Exchanges had been arranged for 616 households, and as a result more than 200 "underoccupied" apartments were "now being used more efficiently." According to the city councillor for housing, in Rostock, too, "increasingly more citizens (declare themselves) ready for such housing exchanges." "In some cases they themselves" apply to the housing exchange center. Those who do not, are being visited in their homes, but the principle of voluntarism is to be respected.

Relocation has another beneficial side effect. The "underoccupied" apartments are usually located in old residential districts, and residents are "aged." As mostly young families with children move into the freed apartments, the social and demographic structure of the inner cities is undergoing a very desirable rejuvenation.

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ROSTOCK BEZIRK CITES INCREASED HOUSING CONSTRUCTION, SHIPPING

East Berlin NEUES DEUTSCHLAND in German 24 Sep 84 p 4

[Text] Rostock Bezirk has 895,100 residents and encompasses 7,074 square kilometers.

It's share in GDR industrial output amounts to 3 percent. The predominant industrial sectors are machine and vehic.e construction, the food industry and energy supply. Freight turnover in Rostock, Wismar and Stralsund harbors has doubled since 1970. A new ship is launched in the yards of the coastal district about every 5 days. Also located there is our principal vacation region.

Comrade Erich Honecker!

On the eve of the 35th anniversary of the GDR's establishment, the communists, workers, farmers, members of the intelligentsia, all working people in Rostock Bezirk, wish to convey their heartfelt greetings to you personally and to the Central Committee. Your tireless personal commitment to the fundamental vital interests of men, especially to be able to live and work in peace, is greatly appreciated and backed by us in word and deed.

We all feel a great need to thank the Central Committee and you for the policy of the party, directed to the prosperity of the people and the preservation of peace.

In Firm Fraternal Alliance with the Soviet Union

This policy inspires the communists and working people in our district to multiply their efforts to buttress with outstanding performances the struggle for securing peace, this crucial issue of our age. We are guided by and derive much valuable aid from the basic explanations on the topical issues of GDR domestic and foreign policy as provided in your significant interview.

Led by the district leadership organization, communists and working people daily, creatively and diligently translated into action the basic orientation provided by the Politburo on the occasion of the Rostock Bezirk leadership organization's report. Based on the party program, the policy of the main

task conceived by the Eighth SED Congress, the tasks resolved upon by the Seventh Central Committee Plenum regarding the implementation of the new stage of the party's economic strategy, we are striving for an even greater contribution by Rostock Bezirk to the improved performance of the national economy.

In our daily political work with the masses, your article "Our Republic--State of Peace and Socialism" has turned into our indispensable tool for explaining the glorious result of our revolutionary advance.

The 35 years of the GDR are also 35 years of the most intimate and fraternal friendship with the Soviet Union. It is very close to our hearts. The joint construction of the new Mukran-Klaipeda "Bridge of Friendship," the further expansion of the Bruno Leuschner nuclea power plant--these reflect the vital force of our fraternal alliance with the Soviet Union and the other countries of the socialist community of nations.

The working people of our district severely condemn the revanchist policy of the ruling circles in the FRG and the doctrine of "keeping alive the German issue."

They are aware that the approximate military-strategic balance, equality and equal security must be preserved so that the imperialist plans for a crusade may never prevail. The proposals by the USSR, GDR and other socialist states, the initiatives of Prague and Moscow represent a program of commonsense and realism for the preservation of peace.

We have reliable pledges for the accomplishment of the new tasks in the profound confidence and stronger than ever affection of the people for the party and the close cooperation of all the forces united in the National Front.

We are happy and proud to be able to report to you that the mass movements in honor of our republic's 35th anniversary are developing great activism in all sectors of our district's economy, so as to meet and exceed the planned output targets including the extra obligations assumed, and to do so contract and quality appropriate. In recent weeks, encouraged by the results of the top performance shifts worked in honor of the World Peace Day, work collectives carried on many discussions in a critical and forward pointing spirit. A firm resolve emerged for resolutely striving, even after the 35th anniversary and in accordance with the criteria of the 1985 plan, for another increase in the plan advance with regard to the decisive indices of performance appraisal.

The results achieved as of 31 August 1984 offer an excellent foundation, especially:

-- The rise in net output compared with the preceding year: 6.4 percent in industry and 8.1 percent in the state enterprises of the construction industry,

--The increase in labor productivity on the basis of net output: 4.5 percent in industry and 7.8 percent in the construction industry,

-- Exceeding the planned net profit of both industry and the construction industry by more than 13 percent each, especially as the result of the additional lowering of total prime costs per M100 goods or construction production,

-- Industrial goods production was overfulfilled by M161 million; this corresponds to the output of 3.2 days,

-- The manufacture and sale of finished products for the public to a value of almost M60 million above the respective plan target,

-- The fulfillment of plan assignments for exports to the USSR and the socialist as well as the nonsocialist monetary area,

-- The performance of the working people in the construction industry, who--in implementation of the housing construction program, made available to the public 6,368 new or modernized housing units, 103 more than planned,

--The growth realized in the output of products with the highest quality mark,

-- The further improved standard of the labors of working people in the sector trade and services who, with great devotion and personal commitment, helped secure the best possible conditions for the recreation of the roughly 450,000 vacationers and tourists who daily frequented the district in the main vacation period.

By these and many other satisfactory results, the working people of our district, led by the comrades of our party, are successfully endeavouring to all-round meet the targets accepted at the Fifteenth District Delegate Conference.

Assuming the basic premise that each successful step forward in the realization of our actual share in the implementation of SED economic and social policy also improves the outlook for more advances, and encouraged by the creative discussion of the instructive statements by Comrade Guenter Mittag at the Leipzig seminar, we are adopting the following targets (among others) to be met by the end of 1984:

With respect to net output, we will endeavor to surpass the plan target in the sector of the economy by a total of M140 million; as regards profits, we aim to record a M80 million plan advance.

We will exceed by 5.5 percent labor productivity in industry on the basis of net ouput, by 5 percent in the state enterprises of the construction industry.

Better Housing for Another 29,730 Citizens

By outstanding performances, especially in year-end traffic, the working people of the marine shipping industry will make their contribution to the planned export volume, in particular to the USSR, and, additional to the plan, provide freight transportation services of more than 1 million tons and port handling services of 300 kilotons.

We will generalize-- and thereby ensure more fund returns by year's end-- initiatives by the working people of the Rostock energy combine to repay to the state for total social purposes about 5 percent of the material and financial funds in 1985.

By making available 9,910 new and modernized housing units, we aim by the end of the year to fundamentally improve housing conditions for a total of 29,730 working people. We intend to increase building repairs to residential buildings to 100.4 percent compared with 1983.

The cooperative farmers and workers in agriculture are successfully carrying out their obligations for the achievement of the best yet yields and output in honor of the 35th anniversary of the GDR in 1984. We recorded a grain yield of 45.8 decitons per hectare for the first time, and, at more than 920,000 tons, our grain harvest was the largest ever. All obligations to the state were met and food grains as well as barley for brewing made available in excess of the plan.

Cooperative farmers and workers devote all their energies to harvest, process and store root crops, vegetables, fruit and feedstuffs with the least losses. By cultivating winter grain in the best possible quality on the most favorable agrotechnical dates, they create the bases for high and stable yields in 1985. As regards animal production, we have accomplished and exceeded our share of the overall tasks involved in supplying meat, milk and eggs to the public.

The Educational Standard Has Risen Significantly

Backed by our earlier achievements and good experiences as well as the reserves available, we will exceed the 1984 state quotas for slaughter cattle by 1 percent, milk by 2 percent and eggs by 1.5 percent.

Outstanding culture, education and an efficient science represent a crucial source of dynamic growth for the economy of our district. In the course of only two generations, the workers' and farmers' power conquered the mental limitations and class-conditioned narrow-mindedness of the former Mecklenburg. Now 84.5 percent of our working people have graduated vocational training, and 20 percent are college or technical school graduates.

Socialist collaboration between science and practice reflects the close ties between working class and intelligentsia. These common efforts are increasingly effective in the form of scientific cooperation in shipping, the construction industry, transportation and agriculture.

The tasks of introduction completed within the framework of the state plan science and technology in the past 8 months achieved such economic successes as industrial goods output in the amount of M650.9 million and the savings of 124,000 man hours.

Our youth research collectives, in particular, distinguished themselves by their efforts for top scientific achievements and their rapid use in practice.

We are unswervingly continuing along these successful lines, in the firm conviction that the coupling of socialism and scientific-technological progress will yield that potential which proves the basis for our tried and tested policy of peace, prosperity and social security for all.

In view of the results achieved, we are now looking forward to the 40th anniversary of the historic victory over Hitler fascism by the glorious Soviet Union and its heroic Red Army, the liberation of our people and the peoples of Europe from the fascist yoke.

We reaffirm our resolution to continue the socialist mass competition with the aim of ensuring that the contribution of our Baltic district helps our republic organize this its 35th year as the most successful year of its history.

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LAW GOVERNING PRIVATE, PUBLIC SECTOR BUSINESS DEALS CITED

Warsaw GOSPODARKA MATERIALOWA in Polish No 11, Jun 84 p 265

[Article by P.J.: "Still More on Contracting With Non-Socialized Economic Units"]

[Text] Question.

Citizen Aleksander Nikolajuk of the Polish State Railroads' Main Office in Warsaw in his letter to the editor refers to an item of information provided by us in the 12/83 issue on the subject of contracts with nonsocialized economic units and addresses difficulties related to contracting and setting prices, which occur mostly in dealing with Polonia enterprises.

That reader wrote that in view of the new method of cooperation between state enterprises and nonsocialized economic units of that type, several difficulties appeared which need legal resolution.

The reader requested assistance in locating the legal principles (the legal basis) regulating this problem and, especially, learning what formalities must be compiled with by nonsocialized units when establishing contractual relationships with socialized enterprises.

Answer.

First, we have to explain that the information provided in our 12/83 issue requires an essential supplementation. Namely, as of 1 January 1984 the law dated 28 December 1957 dealing with supplies, work and services provided to state enterprises was totally repealed (DZIENNIK USTAW 1958, No 3, Item 7). The repeal was based on article 7 of the law dated 21 December 1983 dealing with the modification of certain laws which introduced the economic reform (DZIENNIK USTAW 1983, No 71, Item 318).

In this situation the legal basis of contracting (especially when dealing with sales and delivery) both between socialized economic units and nonsocialized economic units are the pertinent legal rules based on the Civil Code dated 23 April 1964 (DZIENNIK USTAW No 16, Item 93 and later changes) and on the implementing regulations to that code. Regarding prices, the

legal basis is provided by the law dated 26 February 1982 (DZIENNIK USTAW No 7, Item 52 including the change promulgated in DZIENNIK USTAW 1983 No 71, Item 318) and the implementing regulations issued on that basis.

This means that there is a significant liberalization of trade with non-socialized economic units and simplification of contracting procedures, but at the same time there is the requirement for greater attention by the socialized economic units, and especially their legal elements, to the selection of supplier, the wording of contracts and the compliance with terms of contracts.

It should be added that the law cited above covering some changes to the laws introducing the economic reform, specifically its article 7, paragraph 2, authorized the Council of Ministers to direct by decree when a contract must be let by bidding and what the bidding procedure should be. Until such a directive is issued, the state units are free to decide to let contracts by bid or to place orders with selected nonsocialized economic units mutually agreeing on the terms of order and its implementation.

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NEW INDUSTRIAL PRODUCTS AIMED AT CUTTING WESTERN IMPORTS

Warsaw GOSPODARKA MATERIALOWA in Polish No 11, Jun 84 p 263

[Article: "New Approaches and Implementations"]

[Text] At the mineral quarry in Szczeblow, Wroclaw Province, an experimental installation for enriching feldspar was put into operation. It was constructed and started up by the Poltegor, Open Pit Mining Central Research and Development Center in Wroclaw. The installation was constructed primarily to test a new technology developed by Poltegor for enriching the sodium-potassium feldspar used in the production of ceramics and electroporcelain. Independently of its research and development tasks, that installation will produce for commercial use up to 15,000 tons of enriched feldspar per year. Putting that installation into operation will limit the import of feldspar from capitalist countries.

Another interesting undertaking is the introduction by the Industrial Electronic Institute in Warsaw of a prototype series of fully automated diffusion work stations in the production of semiconductor systems. This assures that the diffusion process is done automatically with great reliability and precision. The design of those work stations incorporates the latest developments and refinements and satisfies all requirements of semiconductor equipment technology.

Also worth noting is the development by the Industrial Institute of Agricultural Machinery of a mechanical filter for grain combines. That filter permits increased efficiency of machines while maintaining the overall dimensions of the cleaning assemblies. The increased throughout is achieved by shaping the sliding elements in the form of combs mounted on camshafts. The combs' upper surface can be smooth, cut in steps, or serrated. The cams on neighboring shafts are positioned at 180 degrees angle to each other. Using these filters increases the combine efficiency by 30 percent. Finally, the Predom-Romet plant and the Drument Wire and Cable Factory in Wloclawek started an anti-import production of spokes for motorcycles and bicycles. They developed and are using a new method for producing a special zinc-plated wire. Using the zinc-plated wire frees for other purposes the automatic galvanizing equipment which was needed to plate spokes. Also, this eliminates the importation of spokes from the Second Payments Zone.

The developments discussed above and new applications in production plants help to allievate raw material situation and to eliminate the importation of some products from capitalist countries. Some enterprises' efforts to manage materials in a more economic manner permit us to hope that raw materials, which are so difficult to obtain, will be efficiently used in production processes.

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SEJM HEARING ON BILL CREATING NEW SCI-TECH SUPER AGENCY

Warsaw TRYBUNA LUDU in Polish 22-23 Sep 84 p 2

[Article: "Before the Sejm Committees"]

[Text] On 21 September the following commissions were in session: education; upbringing; science and technological progress; legislative affairs; culture; transportation; communications. Also in session on 21 September was the Sejm subcommission for draft law review, which examined adjudication over the labor law and social insurance cases, and changes in the code of Civil Proceedings.

First Hearing of the Draft Law To Establish a Central Agency for Directing Scientific and Technical Progress

Vice Premier Zbigniew Szalajda presented to a Sejm committee the government draft law to establish and to determine the mission of a Council of Ministers Committee for Scientific and Technical Progress and an Office for Technical Progress and Training. As the rationale for the draft, he described the weak points of the existing management system for scientific and technical progress and pointed out the still unsatisfactory impact of science and technology on the social and economic development of Poland. The proposed legal actions should contribute to closer relations of science and technology with the existing economy. Also, these legal actions should assure greater effectiveness of governmental management of scientific and technical progress. Moreover, it will become possible to support those enterprises which undertake tasks of technical progress and, especially, those which implement fuel- and energy-saving measures, make efforts to save raw materials and endeavor to increase the efficiency and quality of labor.

During the discussion, the legislators agreed that the existing system of managing scientific and technical progress is ineffective, and they spoke in favor establishing a central state authority whose mission would include the development of a uniform state scientific and technical policy.

However, the legislators had some doubts, which surfaced during the debate, regarding certain details of the draft law and the fact that it was not supplemented by legal measures regarding ministerial research institutes and the Polish Academy of Science.

It was decided during the committee session to set up a task force which would do the preliminary work before the Sejm subcommittee and committee start working on the submitted draft law. The government intends to have the law put into effect on 1 January 1985.

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